

# **SPC Nickel Corp.**

## **Management Discussion & Analysis**

### **For the Three and Nine Month Period Ended May 31, 2023**

The following is management's discussion and analysis ("MD&A") of the financial condition and interim results of operations of SPC Nickel Corp. ("SPC" or the "Company") for the three and nine months ended May 31, 2023. This discussion and analysis should be read in conjunction with the Company's May 31, 2023 interim financial statements and attached notes, as well as the financial statements, notes, and MD&A for the year ended August 31, 2022, including the section on risks. This MD&A is dated July 27, 2023.

The Company's reporting currency is the Canadian dollar and all monetary amounts in this MD&A are expressed in Canadian dollars unless otherwise stated.

#### **INTERNAL QUALIFIED PERSON AND QUALITY CONTROL/QUALITY ASSURANCE**

Grant Mourre, P.Geol., President of the Company, is a Qualified Person as defined under National Instrument 43-101 and has reviewed and approved the technical information contained in this MD&A.

#### **OVERVIEW OF THE COMPANY**

SPC is a mineral exploration company that is focused on exploring for nickel ("Ni"), copper ("Cu") and platinum group metals ("PGMs"). The Company has spent in excess of \$14 million dollars on exploration to date and is currently advancing its Ni-Cu-PGM properties located in the Sudbury Mining Camp, as well as its recently acquired Muskox Ni-Cu-PGM property, located in Nunavut. The Company will continue to focus on advancing its portfolio of properties, with a vision of discovering and delineating an economic orebody.

The business of exploration and mining involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in the properties, the ability to obtain the necessary financing to complete exploration, development and construction of a mine and processing facilities, obtaining certain government approvals and attaining profitable production. There can be no assurance that the Company will be able to raise sufficient funds as and when required.

The Company's financial statements are prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of the Company's business. The application of the going concern concept is dependent on the Company's ability to obtain financing to fund its operations.

#### **CORPORATE ACTIVITIES**

In January 2023, 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 a cash payment of \$1 million and certain rights and royalties that will be extended to Vale across the West Graham Project.

In March 2023, the Company entered into an option agreement (the "Bathurst Option Agreement") with Bathurst Metals Corp. ("Bathurst") giving the Company the right to acquire a 100% interest in the McGregor Lake and Speers Lake properties located within the Kitikmeot Region of western Nunavut. Upon vestitur, SPC will control nearly 650 square kilometres of the highly prospective Muskox Intrusion, representing one of the last remaining district scale nickel-copper-platinum group metal ("PGM") opportunities in North America. Further details regarding this transactions and the property's exploration prospectivity can be found in the Company's press release dated March 28, 2023.

In June, 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.

## **MINERAL PROPERTIES, ACTIVITY AND PLANS**

### **OVERVIEW OF PROJECTS**

SPC holds interests in two properties located in the Sudbury Mining Camp near Sudbury Ontario (Aer-Kidd Property and Lockerby East Property) and one near Espanola Ontario (Owen Nickel Property). In addition, it holds an option to acquire 100% of certain mining claims located 50 kilometres northeast of Sudbury (Janes Property). The Company also holds the mineral rights (Muskox Property) to 47,460 hectares comprised of 15 mining claims and 2 prospecting permits in the territory of Nunavut. Additionally, SPC holds an option with Bathurst Metals Corp. to acquire 100% of 17,840 hectares comprised of 12 mining claims, contiguous to its existing Muskox Property.

### **AER-KIDD PROPERTY**

SPC owns 100% of the mining rights for the Aer-Kidd Property that is located approximately 20 kilometres southwest of Sudbury, Ontario, along the Worthington Offset Dyke. The property consists of 5 mining patents (mining rights only) representing approximately 403 hectares.

The property remains subject to a pre-existing underlying agreement that provides a 3% Net Smelter Return royalty ("NSR") royalty to SPG Royalties Inc. (the "Aer-Kidd Royalty") of which one half of the Aer-Kidd Royalty, or a 1.5 % net smelter returns royalty, can be purchased for \$1,250,000. The Aer-Kidd Royalty includes advanced royalty bi-annual payments of \$50,000 which are deductible from future royalty payments based on production from the Aer-Kidd Property. SPC also holds an option to purchase 100% of the property surface rights from the City of Greater 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 into commercial production on the Aer-Kidd Property.

### **MUSKOX PROPERTY**

In September 2021, the Company staked 11 mining claims (totaling 13,327 hectares) and had previously obtained 2 prospecting permits (totaling 30,350 hectares) in respect of exploration properties located within the Muskox Intrusion (collectively, the "Muskox Property") 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 for a period of three years from the closing date. In February and April, 2022, the Company staked an additional 4 mining claims (totaling 2,311 hectares) resulting in a total land holdings of 47,470 hectares in 15 mining claims and 2 prospecting permits.

In March 2023, the Company entered into the "Bathurst Option Agreement, giving the Company the right 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.

### **LOCKERBY EAST PROPERTY**

The Lockerby East Property is located approximately 20 kilometres west of Sudbury, Ontario within the southwest corner of the Sudbury Basin, and consists of approximately 397 hectares of freehold patents. The Lockerby East Property includes 100% of the Lockerby East and South patents as well as a 100% interest in the West Graham 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.

The Company also holds the right to acquire a 100% interest in the surface and mineral rights of the Crean Hill 3 Property, which is contiguous with the West Graham Property, in consideration for a cash payment of \$1 million and certain rights and royalties that will be extended to Vale across the West Graham/Crean Hill 3 Project.

### **OWEN NICKEL PROPERTY**

SPC owns 100% of mineral rights of the Owen Nickel Property located 70 kilometres west of Sudbury Ontario near Espanola. The property consists the mineral right of 3 mining patents (47.5 hectares) located in Mongowin Township.

### **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.

## **EXPLORATION HIGHLIGHTS**

### **LOCKERBY EAST PROPERTY**

In March of 2023, the Company announced the commencement of the first phase of the Crean Hill 3 Property drill program. This 5,000 metre Phase 1 program represented the first drilling to be completed on the Crean Hill 3 Property since 1960 and the first by SPC Nickel since the signing of the Agreement with Vale. The goal of the drill program was to test the continuity and grade of the mineralized zone across the property allowing SPC Nickel to complete a new updated mineral resource estimate across the combined property (West Graham – Crean Hill 3).

In July of 2023 the Company announced the completion of the Phase 1 program, which consisted of 5,338 metres in 27 holes. The program was highly successful and achieved its goal of confirming the presence of mineralization in the western portion of the West Graham Project property while outlining areas of higher-than-expected grade within the contact-style deposit as well as discovering new high-grade footwall-style mineralization outside the historical resource envelope. The Company also announced that the Phase 2 program is underway, with 3,696 metres in 11 holes already completed.

Complete assay results from the Phase 1 drill program are presented in the table below.

Hole ID	From (m)	To (m)	Length (m) <sup>1</sup>	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Ag (g/t)	Estimated True Width %
<b>WG-23-019</b>	64.00	93.00	29.00	0.39	0.25	0.01	0.04	0.02	0.02	1.36	70
<b>WG-23-020</b>	47.00	91.00	44.00	0.53	0.27	0.02	0.05	0.02	0.02	1.41	100
including	75.00	83.00	7.00	0.75	0.39	0.03	0.06	0.02	0.02	1.86	100
including	87.00	91.00	4.00	1.03	0.62	0.04	0.07	0.05	0.03	2.85	100
<b>WG-23-021</b>	41.00	72.00	31.00	0.46	0.29	0.02	0.06	0.02	0.02	1.50	90
including	42.00	46.00	4.00	0.63	0.46	0.02	0.10	0.03	0.04	2.40	90
including	58.00	63.00	5.00	0.66	0.30	0.02	0.04	0.02	0.01	1.50	90
<b>WG-23-022</b>	61.00	81.00	20.00	0.51	0.26	0.02	0.03	0.01	0.01	1.12	100
including	76.00	80.00	4.00	0.85	0.46	0.03	0.05	0.02	0.02	1.80	100
<b>WG-23-023</b>	45.00	83.00	38.00	0.47	0.28	0.02	0.04	0.02	0.02	1.45	90
including	71.00	82.00	11.00	0.71	0.41	0.02	0.07	0.02	0.04	2.09	90
<b>WG-23-024</b>	29.00	48.00	19.00	0.46	0.25	0.02	0.04	0.01	0.02	1.21	100
and	56.00	61.00	5.00	0.93	0.50	0.03	0.06	0.02	0.02	4.18	100
<b>WG-23-025</b>	20.00	67.00	47.00	0.56	0.30	0.02	0.05	0.02	0.02	1.85	90
including	42.00	65.00	23.00	0.72	0.42	0.02	0.08	0.03	0.03	2.73	90
<b>WG-23-026</b>	106.00	186.90	80.90	0.49	0.25	0.02	0.05	0.02	0.02	1.29	35
including	167.00	186.90	19.90	1.19	0.37	0.04	0.09	0.02	0.02	1.29	35
including	<b>170.00</b>	<b>177.90</b>	<b>7.90</b>	<b>2.48</b>	<b>0.64</b>	<b>0.08</b>	<b>0.15</b>	<b>0.04</b>	<b>0.02</b>	<b>1.82</b>	35
<b>WG-23-027</b>	68.00	120.50	52.50	0.43	0.27	0.01	0.05	0.02	0.02	1.49	85
including	96.65	120.50	23.85	0.57	0.33	0.02	0.06	0.02	0.03	1.79	85
including	111.00	120.50	9.50	0.83	0.37	0.02	0.09	0.03	0.03	2.16	85
<b>WG-23-028</b>	79.00	275.85	196.85	0.32	0.19	0.01	0.04	0.01	0.02	1.07	30
including	<b>89.00</b>	<b>110.00</b>	<b>21.00</b>	<b>0.72</b>	<b>0.18</b>	<b>0.03</b>	<b>0.03</b>	<b>0.01</b>	<b>0.01</b>	<b>0.75</b>	30
including	93.60	95.00	1.40	3.73	0.27	0.17	0.06	0.07	0.01	1.26	30
<b>WG-23-029</b>	84.00	107.00	23.00	0.37	0.25	0.01	0.03	0.02	0.02	1.39	50
<b>WG-23-030</b>	20.00	52.00	32.00	0.60	0.36	0.02	0.07	0.02	0.03	2.02	45
including	<b>39.00</b>	<b>46.00</b>	<b>7.00</b>	<b>0.98</b>	<b>0.54</b>	<b>0.03</b>	<b>0.15</b>	<b>0.38</b>	<b>0.04</b>	<b>3.00</b>	45
<b>WG-23-031</b>	3.00	9.65	6.65	0.37	0.22	0.01	0.04	0.01	0.01	1.08	95
<b>WG-23-032</b>	34.50	42.50	8.00	0.49	0.38	0.02	0.05	0.02	0.03	2.00	85
<b>WG-23-033</b>	38.00	52.00	14.00	0.35	0.24	0.01	0.04	0.02	0.02	1.29	80
<b>WG-23-034</b>	59.00	90.00	31.00	0.27	0.19	0.01	0.04	0.01	0.01	1.26	50
including	96.00	97.65	1.65	0.67	0.34	0.02	0.05	0.03	0.03	2.29	50
<b>WG-23-035</b>	43.00	51.00	8.00	0.26	0.21	0.01	0.04	0.02	0.02	1.25	80
<b>WG-23-036</b>	97.00	102.00	5.00	0.39	0.23	0.01	0.05	0.02	0.01	1.54	45
<b>WG-23-037</b>	147.00	188.65	41.65	0.50	0.34	0.02	0.08	0.02	0.03	1.64	50
including	<b>174.00</b>	<b>188.65</b>	<b>14.65</b>	<b>0.81</b>	<b>0.51</b>	<b>0.02</b>	<b>0.14</b>	<b>0.04</b>	<b>0.05</b>	<b>2.61</b>	50
including	174.00	179.00	5.00	1.21	0.69	0.04	0.14	0.04	0.05	3.32	50
<b>WG-23-038</b>	130.00	140.00	10.00	0.43	0.25	0.01	0.06	0.02	0.21	1.31	75

Hole ID	From (m)	To (m)	Length (m) <sup>1</sup>	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Ag (g/t)	Estimated True Width %
<b>WG-23-039</b>	191.50	241.00	49.50	0.36	0.28	0.01	0.05	0.02	0.02	1.49	40
including	224.00	241.00	17.00	0.43	0.49	0.01	0.08	0.03	0.04	2.58	40
<b>WG-23-040</b>	169.00	209.00	40.00	0.46	0.32	0.01	0.07	0.02	0.03	1.90	60
<b>WG-23-041</b>	237.00	276.00	39.00	0.43	0.36	0.01	0.17	0.03	0.06	2.04	55
including	243.00	250.00	7.00	0.60	0.49	0.02	0.10	0.03	0.04	2.13	55
including	262.82	275.00	12.20	0.60	0.54	0.02	0.36	0.05	0.11	3.46	55
<b>WG-23-042</b>	256.00	306.00	50.00	1.06	0.34	0.03	0.15	0.04	0.04	1.71	75
including	<b>286.00</b>	<b>306.00</b>	<b>20.00</b>	<b>1.71</b>	<b>0.46</b>	<b>0.05</b>	<b>0.17</b>	<b>0.06</b>	<b>0.06</b>	<b>2.61</b>	75
including	286.90	291.70	4.80	3.15	0.21	0.09	0.15	0.11	0.02	0.95	75
and	331.00	331.40	0.40	6.23	0.30	0.14	0.10	0.12	0.03	2.60	75
and	336.90	337.20	0.30	7.07	0.09	0.15	0.04	0.07	0.01	2.50	75
<b>WG-23-043</b>	212.00	280.00	68.00	0.46	0.36	0.01	0.09	0.02	0.03	1.90	60
including	<b>246.00</b>	<b>280.00</b>	<b>34.00</b>	<b>0.64</b>	<b>0.50</b>	<b>0.02</b>	<b>0.12</b>	<b>0.03</b>	<b>0.04</b>	<b>2.64</b>	60
including	266.00	275.00	9.00	0.94	0.68	0.02	0.19	0.05	0.06	3.83	60
including	277.50	280.00	2.50	0.96	1.02	0.02	0.05	0.04	0.04	4.58	60
and	<b>304.10</b>	<b>304.60</b>	<b>0.50</b>	<b>6.09</b>	<b>0.07</b>	<b>0.12</b>	<b>0.81</b>	<b>0.30</b>	<b>0.03</b>	<b>2.50</b>	60
<b>WG-23-044</b>	<b>362.35</b>	<b>375.40</b>	<b>13.05</b>	<b>0.74</b>	<b>0.81</b>	<b>0.02</b>	<b>0.22</b>	<b>0.05</b>	<b>0.10</b>	<b>4.84</b>	45
including	369.25	375.40	6.15	0.96	1.33	0.03	0.26	0.08	0.18	8.04	45
<b>WG-23-045</b>	286.00	296.00	10.00	0.33	0.24	0.01	0.12	0.02	0.03	1.33	60
and	302.05	304.00	1.95	0.54	0.75	0.02	0.21	0.05	0.11	4.93	60
and	307.55	308.55	1.00	0.81	1.12	0.02	0.31	0.09	0.37	8.50	60

**Notes:**

1. Length refers to downhole length. Estimated True Width is expressed as a percentage of downhole length.

The Company considers the West Graham and Lockerby East resource estimates to be historic mineral resources for purposes of NI 43-101. Neither the Company nor a qualified person on behalf of the Company have done sufficient work to classify the historical estimates as current mineral resources and the Company is not treating such historical estimates as current mineral resources. The Company considers the historic mineral resource estimates to be relevant to an understanding of the West Graham Project but has not done any work to validate the estimates.

### MUSKOX PROPERTY

No significant field work has been completed on the Muskox Property since the 2022 field program. Using the proprietary database, the technical team continues to advance the understanding of the Muskox Intrusion while also generating exciting new base and precious metals targets as SPC Nickel develops a strategy to advance this Project with an aim to making a significant discovery.

### AER-KIDD PROPERTY

No significant work has been completed on the Aer-Kidd Property since the 2021 drill program where SPC completed 14 holes for a total of 14,111 metres. No additional work is planned for 2023.

### JANES PROPERTY

No significant work has been completed on the Janes Property since the 2022 drill program where SPC completed 4 holes for a total of 1,212 metres. At this point no additional work is planned for 2023.

The following table details exploration and evaluation expenditures incurred during the reporting period.

	AER Kidd	Owen	Lockerby East	Janes	Muskox	Project Generation	Total
<b>Continuity of project expenditures for the nine months ended May 31, 2023</b>							
<b>Balance August 31, 2022</b>	12,363,119	4,970	1,853,912	757,480	402,729	76,187	15,458,397
Option Payments	50,000	-	-	-	487,500	-	537,500
Other acquisition and holding costs	2,219	267	7,368	394	(7,185)	-	3,063
Total acquisition costs for the period	52,219	267	7,368	394	480,315	-	540,563
Assays logging, and sampling	-	-	290,110	23,018	10,422	-	323,550
Travel, accommodation, and meals	-	-	648	29	4,836	-	5,513
Drilling	-	-	832,003	203,078	-	-	1,035,081
Health, Safety, and Environmental	4	4	106	4	4	-	122
Equipment Rental	139	139	121,952	14,046	3,917	-	140,193
Field supplies and consumables	216	216	5,099	870	14,794	-	21,195
Field office	(375)	-	(1,125)	-	-	-	(1,500)
Payroll and Project Management	481	-	186,034	46,211	33,841	3,260	269,827
Surveys and linecutting	-	-	16,921	14,041	-	-	30,962
Vehicles	293	216	4,635	1,416	293	77	6,930
Cost recoveries	-	-	-	(200,000)	-	-	(200,000)
Exploration and evaluation expenditures for the period	758	575	1,456,385	102,712	68,107	3,337	1,631,874
<b>Balance May 31, 2023</b>	<b>12,416,096</b>	<b>5,812</b>	<b>3,317,665</b>	<b>860,586</b>	<b>951,151</b>	<b>79,524</b>	<b>17,630,834</b>
May 31, 2023 balance consists of							
Acquisition costs	2,319,885	3,827	635,551	75,619	546,645	8,176	3,589,703
Exploration expenditures	10,096,211	1,985	2,682,114	784,967	404,506	71,348	14,041,131
	<b>12,416,096</b>	<b>5,812</b>	<b>3,317,665</b>	<b>860,586</b>	<b>951,151</b>	<b>79,524</b>	<b>17,630,834</b>
<b>Continuity of project expenditures for the nine months ended May 31, 2022</b>							
<b>Balance August 31, 2021</b>	<b>10,847,626</b>	<b>4,776</b>	<b>832,889</b>	<b>493,068</b>	-	<b>57,239</b>	<b>12,235,598</b>
Option Payments	50,000	-	-	-	18,000	-	68,000
Other acquisition and holding costs	5,358	194	9,376	125	48,330	170	63,629
Total acquisition costs for the period	55,358	194	9,376	125	66,330	170	131,629
Assays logging, and sampling	51,967	-	43,611	6,849	-	-	102,427
Travel, accommodation, and meals	605	-	120	-	9,149	2	9,876
Drilling	1,191,461	-	377,938	-	-	-	1,569,399
Health, Safety, and Environmental	(4,900)	-	-	-	160	120	(4,620)
Equipment Rental	72,343	-	21,373	4,506	3,247	-	101,468
Field supplies and consumables	2,722	-	2,195	1,375	10,941	54	17,287
Field office	3,000	-	375	-	-	-	3,375
Payroll and Project Management	86,717	-	61,229	47,037	52,591	17,907	265,451
Surveys and line cutting	1,662	-	408	-	115,747	-	117,817
Vehicles	4,175	-	2,159	1,308	-	77	7,720
Exploration and evaluation expenditures for the period	1,409,752	-	509,408	61,074	191,804	18,161	2,190,199
<b>Balance May 31, 2022</b>	<b>12,312,811</b>	<b>4,970</b>	<b>1,351,673</b>	<b>554,267</b>	<b>258,134</b>	<b>75,570</b>	<b>14,557,426</b>
May 31, 2022 balance consists of							
Acquisition costs	2,217,666	3,560	627,732	38,225	66,330	8,176	2,961,690
Exploration expenditures	10,095,145	1,410	723,941	516,042	191,804	67,394	11,595,736
	<b>12,312,811</b>	<b>4,970</b>	<b>1,351,673</b>	<b>554,267</b>	<b>258,134</b>	<b>75,570</b>	<b>14,557,426</b>

## DISCUSSION OF OPERATIONS

Expenses for the nine-month period ended May 31, 2023 were \$3,018,074, compared to \$3,503,700 for the nine-month period ended May 31, 2022. The overall decrease of \$485,626 is mainly due to year to date exploration expenditures reducing from \$2,190,199 during the nine month period ended May 31, 2022, to exploration expenditures of \$1,631,874 being incurred during the nine-month period ending May 31, 2023. Additionally, share-based compensation decreased by \$355,000 in the year to date period, as the Company granted stock options in the nine-month period ended May 31, 2023 valued at \$162,000, as compared to stock options granted in the comparative prior period being valued at \$517,000. Office and general expenditures incurred during the first nine months of the current fiscal period totalled \$287,594. This represents a \$42,495 decrease from office and general expenditures of \$330,089 incurred during the first nine months of the prior fiscal year. These year over year decreases were partially offset by a \$408,934 increase in property acquisition costs, which increased from \$131,629 to \$540,563 on a year over year basis, due primarily to a \$300,000 cash-based and \$187,500 share-based option payment made in respect of the Bathurst Option Agreement during the nine-month period ended May 31, 2023. All other operating expenses remained materially unchanged as compared to the prior year comparative period.

Expenses for the three-month period ended May 31, 2023 were \$1,917,197, compared to \$1,394,007 for the three-month period ended May 31, 2022. The overall increase of \$523,190 is mainly due to exploration expenditures for third quarter increasing from \$574,827 during the three-month period ended May 31, 2022, to exploration expenditures of \$1,231,964 being incurred during the three-month period ending May 31, 2023. Additionally, three month property acquisition costs to the end of May increased by \$453,762, from \$12,079 to \$465,841 on a year over year basis, due primarily to a \$300,000 cash-based and \$187,500 share-based option payment made in respect of the Bathurst Option Agreement during the three-month period ended May 31, 2023. These increases were partially offset by a decrease in share-based compensation in the amount of \$517,000 in the three-month period, as the Company granted stock options in the three-month period ended May 31, 2022 without a comparable stock option grant occurring during the quarter ended May 31, 2023. Office and general expenditures incurred during the most recent three-month period of the current fiscal period totalled \$69,689. This represents a \$72,263 decrease compared to office and general expenditures of \$141,952 incurred during the third quarter of the prior fiscal year. All other operating expenses remained materially unchanged as compared to the prior year comparative period.

## SUMMARY OF QUARTERLY RESULTS

A summary of selected unaudited financial information for the past eight quarters is presented below:

Three Months Ending (Unaudited)	May 31, 2023	February 28, 2023	November 30, 2022	August 31, 2022
Revenue	Nil	Nil	Nil	Nil
Operating Expenses	(1,729,697)	(500,214)	(600,663)	(990,143)
Loss from Operations	(1,729,697)	(500,214)	(600,663)	(990,143)
Loss for the period	(1,729,697)	(500,083)	(600,340)	(1,003,871)
Loss per share	(0.01)	Nil	Nil	(0.01)
Total Assets	1,911,464	2,983,604	3,528,022	4,202,500
Total Liabilities	773,758	257,492	322,536	396,674

Three Months Ending (Unaudited)	May 31, 2022	February 28, 2022	November 30, 2021	August 31, 2021
Revenue	Nil	Nil	Nil	Nil
Operating Expenses	(1,400,951)	(917,593)	(1,199,395)	(1,889,920)
Loss from Operations	(1,400,951)	(917,593)	(1,199,395)	(1,889,920)
Loss for the period	(1,393,314)	(913,576)	(1,194,199)	(1,711,921)
Loss per share	(0.01)	(0.01)	(0.01)	(0.02)
Total Assets	5,434,346	3,102,370	4,142,492	6,084,383
Total Liabilities	650,397	407,388	533,934	1,299,626

The Company's total assets have generally increased over the past eight quarters commensurately with the successful raising of capital necessary to fund exploration expenditures and corporate expenditures. All else being equal, as the Company incurs and funds expenditures, its total assets decrease. Over the past eight quarters, the Company has seen an increase in quarterly operating expenses and commensurate loss from operations and decrease in total assets, as it has increased its exploration activities and related expenditures.

## LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2023, the Company had cash balances of \$1,460,206 compared with \$3,810,177 as at August 31, 2021. The decrease is attributable to the Company incurring and funding exploration and corporate expenditures during the nine-month period ended May 31, 2023. The Company had current assets of \$1,781,843 and current liabilities of \$710,647 for net working capital of \$1,071,196 as at May 31, 2023.

At present, the Company's operations do not generate cash flow and its long-term financial success is dependent on management's ability to discover and develop economically viable mineral deposits and to raise money to support the discovery and development of such mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity issuances. Many factors influence the Company's ability to raise funds, including the health of the resource industry, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. There is no assurance that new funding will be available at the times required or desired by the Company. See "Risk Factors" below. Currently, the Company holds exploration projects and it is anticipated that additional equity financing will be available going forward. Equity markets do fluctuate which could affect timing of future financings. The Company continues to pursue other avenues of financing, including strategic partnerships in relation to its non-material properties, which may reduce the Company's reliance on equity financing.

## OUTSTANDING SHARE DATA

As at July 27, 2023, the Company had the following securities outstanding:

• Common Shares Issued	147,819,626
• Warrants	14,989,856
• Options	9,865,000

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair values these financial instruments approximate their carrying values due to their short-term nature.

### Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company maintains its cash with high-credit quality financial institutions, thus limiting its exposure to credit risk on such financial assets.



## Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration and evaluation stage, thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is available on demand for the Company's programs and is not invested in any asset-backed commercial paper. The Company believes it has sufficient cash resources to pay its obligations associated with its financial liabilities as at May 31, 2023.

## Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash, and restricted cash as they are generally held with large financial institutions.

## Price Risk

The Company is not currently exposed to price risk, as it does not currently hold Investments in equity instruments.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities or derivative financial obligations.

## RISKS AND UNCERTAINTIES

Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. In addition to exploration risk, the Company is faced with a number of other risk factors. See "Risk Factors" below.

## TRANSACTIONS WITH RELATED PARTIES

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties). The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

Related parties include the Board of Directors, their close family members and enterprises that are controlled by these individuals, as well as certain persons performing similar functions.

The remuneration of key management of the Company for the periods ended May 31, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Short term benefits	\$ 279,716	\$229,386
Share based payments	99,000	444,620
	<u>\$ 378,716</u>	<u>\$ 674,006</u>

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 either consultant fees, wages, or 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

## **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 becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### *Flow-through Expenditures*

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.

## **RISKS FACTORS**

The operations of the Company are speculative due to the high-risk nature of its business, which are the acquisition, financing, exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company. See "Risk Factors" in the Company's prospectus filed on SEDAR.

## **Outlook**

The Company will continue to explore and develop its Sudbury properties, as well as its recently acquired Muskox property, while continuing to pursue other Ni-PGM opportunities in Canada. The vision of the company is to build a publicly listed energy metals company focused on nickel and PGM opportunities in Canada.

## **Responsibility for financial statements**

The information provided in this report, including information from the related financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

## **Additional Information**

Additional information relating to the Company is available on SEDAR [www.sedar.com](http://www.sedar.com).

## CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

*Except for statements of historical fact relating to SPC certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the Company's proposed acquisitions and strategy, development potential and timetable of the Company's properties; the Company's ability to raise required funds; future mineral prices; mineralization projections; conclusions of economic evaluation; the timing and amount of estimated future exploration and development; costs of development; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration activities are based on previous industry experience and regional political and economic stability. Capital and operating cost estimates are based on extensive research of the Company, recent estimates of exploration costs and other factors that are set out herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to: unexpected events and delays during exploration and development; acquisition risks; regulatory risks; revocation of government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of minerals; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.*