NiCAN Limited

Condensed Interim Financial Statements

(Unaudited - expressed in Canadian dollars)

September 30, 2023

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and reviewed by the Audit Committee and Board of Directors of the Company.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

STATEMENTS OF FINANCIAL POSITION

(Unaudited - expressed in Canadian dollars)

	Note	September 30, 2023	December 31, 2022
		$	$
ASSETS			
Current			
Cash		2,342,062	4,608,703
Prepaid expenses		89,191	45,934
Receivables		35,689	80,375
Total Current Assets		2,466,942	4,735,012
TOTAL ASSETS		**2,466,942**	**4,735,012**
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**4,7**	33,264	70,735
Flow-through share premium liability	**5**	119,561	295,023
Total Current Liabilities		152,825	365,758
TOTAL LIABILITIES		**152,825**	**365,758**
SHAREHOLDERS' EQUITY			
Share capital	**6**	9,085,882	9,085,882
Share-based payments reserve	**6**	259,964	356,496
Deficit		(7,031,729)	(5,073,124)
TOTAL SHAREHOLDERS' EQUITY		**2,314,117**	**4,369,254**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,466,942**	**4,735,012**

Nature and continuance of operations – Note 1

Approved on behalf of the Board on November 21, 2023:

/s/ Mike Hoffman
Chair of the Board

/s/ Brad Humphrey
Director

STATEMENT OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - expressed in Canadian dollars)

	Note	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
		$	$	$	$
OPERATING EXPENSES					
Exploration expenditures	**8**	28,578	63,380	1,579,115	1,863,713
Management fees	**7**	89,200	182,867	267,600	298,467
General and administrative		56,292	76,663	164,351	158,686
Director fees	**7**	52,381	89,168	153,673	125,168
Marketing and investor relations		34,716	56,747	134,408	86,700
Professional fees		11,000	237,899	29,713	416,023
Share-based compensation		–	65,652	–	65,652
TOTAL OPERATING EXPENSES		**272,167**	**772,376**	**2,328,860**	**3,014,409**
OTHER INCOME (EXPENSE)					
Flow-through premium recovery	**5**	3,184	7,945	175,462	734,152
Listing costs		–	(1,352,608)	–	(1,352,608)
Interest income		26,674	39,437	98,261	41,267
TOTAL OTHER INCOME (EXPENSE)		**29,858**	**(1,305,226)**	**273,723**	**(577,189)**
LOSS AND COMPREHENSIVE LOSS		**(242,309)**	**(2,077,602)**	**(2,055,137)**	**(3,591,598)**
LOSS PER SHARE					
Basic and diluted		(0.00)	(0.03)	(0.03)	(0.06)
WEIGHTED AVERAGE NUMBER OF SHARES					
Basic and diluted		69,398,902	64,413,430	69,398,902	56,007,268

STATEMENT OF CASH FLOWS

(Unaudited - expressed in Canadian dollars)

	Nine Months Ended September, 2023 $	Nine Months Ended September, 2022 $
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(2,055,137)	(3,591,598)
Flow-through premium recovery	(175,462)	(734,152)
Listing expense	–	1,352,608
Share-based compensation	–	65,652
Changes in non-cash working capital items		
Prepaid expenses	(43,257)	25,031
Receivables	44,686	26,081
Accounts payable and accrued liabilities	(37,471)	404,559
Total cash flows used in operating activities	(2,266,641)	(2,451,819)
FINANCING ACTIVITIES		
Proceeds from private placement for shares	–	6,130,319
Share issuance costs	–	(348,737)
Total cash flows from financing activities	–	5,781,582
(DECREASE) INCREASE IN CASH	(2,266,641)	3,329,763
CASH - BEGINNING OF PERIOD	4,608,703	2,201,254
CASH - END OF PERIOD	**2,342,062**	**5,531,017**

SUPPLEMENTAL CASH FLOW INFORMATION:		
Expiry of agents warrants	96,532	–
Agents warrants issued for payment of financing fees	–	96,532
Shares issued on reverse takeover transaction	–	1,310,000

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - expressed in Canadian dollars)

	Number of common shares	Share capital	Share-based payments reserve	Deficit	Total
		$	$	$	$
BALANCE, DECEMBER 31, 2021	**51,758,000**	**2,532,563**	**199,764**	**(1,275,202)**	**1,457,125**
Agent warrants	–	(96,532)	96,532	–	–
Loss for the period	–	–	–	(836,075)	(836,075)
BALANCE, SEPTEMBER 30, 2022	**51,758,000**	**2,436,031**	**296,296**	**(2,111,277)**	**621,050**
Shares issued by private placement	14,534,770	6,130,319	–	–	6,130,319
Share issue costs	–	(475,171)	–	–	(475,171)
Shares issued on reverse takeover	3,106,132	1,310,000	–	–	1,310,000
Flow-through share premium	–	(315,297)	–	–	(315,297)
Expiry of warrants	–	–	(5,452)	5,452	–
Shares-based compensation	–	–	65,652	–	65,652
Loss for the period	–	–	–	(2,967,299)	(2,967,299)
BALANCE, DECEMBER 31, 2022	**69,398,902**	**9,085,882**	**356,496**	**(5,073,124)**	**4,369,254**
Expiry of warrants	–	–	(96,532)	96,532	–
Loss for the period	–	–	–	(2,055,137)	(2,055,137)
BALANCE, SEPTEMBER 30, 2023	**69,398,902**	**9,085,882**	**259,964**	**(7,031,729)**	**2,314,117**

1. NATURE AND CONTINUANCE OF OPERATIONS

NiCAN Limited (the "Company" or “NiCAN”) was incorporated under the laws of the Province of Ontario, Canada on April 6, 2021, and its principal business activity is the exploration and evaluation of mineral properties. The Company's corporate office is located at 390 Bay Street, Suite 700A, Toronto, Ontario.

These condensed interim financial statements are prepared on a going concern basis that assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception and has no source of recurring revenue. The success of the Company is dependent upon the ability of the Company to obtain necessary financing to continue its exploration and development activities, the confirmation of economically recoverable reserves and resources, and upon establishing future profitable production, or realization of proceeds on disposal. The Company will require additional funding to maintain its activities and operations for the upcoming fiscal year. All of the preceding indicates the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These condensed interim financial statements do not give effect to the adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Company be unable to continue as a going concern.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using the same accounting policies and methods of application as the audited annual financial statements for the period ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Accordingly, certain information and footnote disclosure normally included in annual financial statements have been omitted or condensed.

These condensed interim financial statements should be read in conjunction with the audited financial statements of the Company as at and for the period ended December 31, 2022.

On November 21, 2023, the Board of Directors of the Company approved these condensed interim financial statements for the nine months ended September 30, 2023.

3. REVERSE TAKEOVER

On July 26, 2022, the Company and 1287390 BC Ltd. (“1287390”) completed an amalgamation pursuant to an amalgamation agreement dated March 3, 2022 (the “RTO Transaction”), and amended on September 29, 2022 and July 19, 2022, whereby each common share of NiCAN and each consolidated share of 1287390 were exchanged for one common share in the amalgamated entity (the “Resulting Issuer”). Prior to completion of the amalgamation, 1287390 completed a 1:0.728 reverse split of its existing outstanding common shares (the “Consolidated Shares”).

(Expressed in Canadian dollars)

The substance of the transaction is a reverse takeover acquisition of 1287390 as NiCAN obtained control of the Resulting Issuer. The amalgamation has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As the Company did not qualify as a business pursuant to IFRS 3, the RTO Transaction does not constitute a business combination. The RTO Transaction is treated as an issuance of common shares by the Company for the acquisition of net assets of 1287390 and its public listing. The net purchase price was determined as an equity-settled share-based payment under IFRS 2, at the fair value of the equity instruments of the Company retained by the shareholders of 1287390, based on the fair value of the Company's common shares on the date of the closing of the transaction.

The fair value of the consideration paid and transaction costs incurred, net of the net assets acquired, has been recognized as listing costs in the statements of loss and comprehensive loss. These financial statements reflect the assets, liabilities and operations of NiCAN since its incorporation and of the Resulting Issuer from July 26, 2022.

The following represents the fair value of 1287390 net assets acquired as a result of the RTO Transaction:

CONSIDERATION	
Common shares – 3,106,132 at $0.42 per share	$ 1,310,000
IDENTIFIABLE NET LIABILITIES ASSUMED	
Cash	$ 1,543
Sales tax receivable	4,075
Accounts payable and accrued liabilities	(48,226)
	$ (42,608)
Listing costs expensed	1,352,608
TOTAL NET IDENTIFIABLE ASSETS ASSUMED AND LISTING EXPENSE	**$ 1,310,000**

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITES

	September 30, 2023	December 31, 2022
Accounts payable	$ 9,264	$ 23,641
Accrued liabilities	24,000	47,094
TOTAL	**$ 33,264**	**$ 70,735**

5. FLOW-THROUGH SHARE PREMIUM LIABILITY

Flow-through share premium liabilities consist of the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the issued flow-through shares:

	Amount
BALANCE AT DECEMBER 31, 2021	**$ 726,207**
Liability incurred on flow-through shares issued during the period	315,297
Settlement of flow-through share liability on incurred expenditures	(746,481)
BALANCE AT DECEMBER 31, 2022	**295,023**
Settlement of flow-through share liability on incurred expenditures	(175,462)
BALANCE AT SEPTEMBER 30, 2023	**$ 119,561**

On July 26, 2022, the Company issued 6,305,946 flow-through shares at a price of $0.45 per share for gross proceeds of $2,837,676 (Note 6). A flow-through premium liability of $0.05 per share was recorded for the flow-through shares.

During the nine months ended September 30, 2023, the Company incurred $1,579,115 of eligible flow-through expenditures to be applied to the flow-through shares issued in July 2022. A total flow-through share premium liability of $175,462 was amortized to flow-through premium recovery on the statements of loss and comprehensive loss.

6. SHARE CAPITAL

a) **Share capital**

Authorized*:* an unlimited number of common shares with no par value.

Issued: 69,398,902 common shares.

On March 30, 2022, in connection with the RTO Transaction, the Company issued 14,483,446 subscription receipts, consisting of: (i) 8,177,500 non-flow-through subscription receipts at a price of $0.40 each, and (ii) 6,305,946 flow-through subscription receipts at a price of $0.45 each, for aggregate gross proceeds of $6,108,676 (collectively, the "Offering"). On completion of the RTO Transaction on July 26, 2022, the subscription receipts were exchanged for 8,177,500 common shares and 6,305,946 flow-through common shares, respectively. A flow-through premium liability of $0.05 per share, $315,297 in total, was recorded for the flow-through shares (Note 5). In addition, the Company paid $362,743 in cash finders' fees in connection with the Offering as well as 843,823 finder's warrants with a fair value of $96,532. Each finder's warrant is exercisable to acquire one common share of the Company at a price of $0.40 for a period of 12 months following the closing of the Offering. On July 18, 2022, 1287390 completed a non-brokered private placement of 51,324 common shares of the Resulting Issuer at a price of $0.42 per share for total proceeds of $21,643.

On July 26, 2022, in connection with the completion of the RTO Transaction (Note 3), the Company issued 3,106,132 common shares to the shareholders of 1287390 for total consideration of $1,310,000.

Escrow agreements between the Company and certain shareholders, including directors and insiders, totaling 17,013,332 shares, were entered into whereby the shares held in escrow will be released as follows: 10% of the shares were released on August 11, 2022, an additional 15% of the shares will be released each 6 months and 3 days following the Final Exchange Bulletin date (July 26, 2022) thereafter, with the final 15% of the shares released on July 29, 2025. As of September 30, 2023, a total of 10,208,000 shares remained in escrow (December 31, 2022 – 15,312,000 shares.

There were no share issuances during the nine months ended September 30, 2023.

b) **Stock Options**

The Company has adopted a share option plan that allows for the issuance of up to 10% of the issued and outstanding shares as incentive share options to directors, officers, employees, and consultants to the Company. Share options granted under the plan may be subject to vesting provisions as determined by the Board of Directors.

(Expressed in Canadian dollars)

There were no stock option grants and the Company did not record any share-based compensation expense during the nine months ended September 30, 2023.

The following table summarizes information about the share options as at September 30, 2023:

Grant Date	Number of options outstanding	Exercise price per share of options	Weighted average remaining life	Grant date fair value	Number of options exercisable	Expiry date
December 13, 2021	2,500,000	$0.25	3.21	$0.08	2,500,000	December 13, 2026
August 10, 2022	500,000	$0.25	3.86	$0.13	500,000	August 10, 2027

Stock option transactions are summarized as follows:

	Number	Weighted Average Exercise Price
BALANCE, DECEMBER 31, 2021	**2,500,000**	**0.25**
Granted	500,000	0.25
BALANCE, DECEMBER 31, 2022	**3,000,000**	**$ 0.25**
SEPTEMBER 30, 2023	**3,000,000**	**$ 0.25**

The fair value of the stock options issued was estimated using the Black-Scholes option pricing model with the following assumptions:

Issue date	Expected Option life (years)	Risk free interest rate	Dividend yield	Expected volatility[1]	Weighted average fair value
August 10, 2022	5.00	2.85%	nil	99%	$0.13

(1) Expected volatility has been determined using the historical share price of the comparable companies for the period equivalent to the expected life of the options.

c) **Warrants**

Warrant transactions are summarized as follows:

	Number	Weighted Average Exercise Price
BALANCE, DECEMBER 31, 2021	**331,200**	**$ 0.25**
Issued	843,823	0.40
Expired	(331,200)	0.25
BALANCE, DECEMBER 31, 2022	**843,823**	**$ 0.40**
Expired	(843,823)	0.40
BALANCE, SEPTEMBER 30, 2023	**–**	**–**

The fair value of the agents warrants issued was estimated using the Black-Scholes option pricing model with the following assumptions:

(Expressed in Canadian dollars)

Issue date	Expected Warrant life (years)	Risk free interest rate	Dividend yield	Expected volatility[(1)]	Weighted average fair value
September 30, 2022	1.00	2.37%	Nil	71%	$0.11

(1) Expected volatility has been determined using the historical share price of the comparable companies for the period equivalent to the expected life of the options.

7. RELATED PARTY BALANCES AND TRANSACTIONS

Key Management Compensation

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers. Their remuneration includes the following:

	Nine months ended September 30, 2023	2022
Management fees	$ 267,600	$ 298,467
Director fees	153,673	125,168
TOTAL	**$ 421,273**	**$ 423,635**

As at September 30, 2023, accounts payable and accrued liabilities did not include any amounts payable to directors and officers of the Company (December 31, 2022 - $1,273).

(Expressed in Canadian dollars)

8. EXPLORATION PROPERTIES

	Wine	Pipy	Total
CUMULATIVE EXPENDITURES, DECEMBER 31, 2021	**$ 573,484**	**$ 258,342**	**$ 831,826**
Property acquisitions	100,000	100,000	200,000
Airborne geophysics	153,634	–	153,634
Assays	24,208	–	24,208
Camp supplies and field expenses	48,759	2,416	51,175
Claim staking and maintenance	–	52,000	52,000
Consulting	151,964	70,200	222,164
Drilling	708,282	–	708,282
Field transportation	474,373	–	474,373
Government grants	(50,000)	–	(50,000)
Ground geophysics	133,743	–	133,743
Line cutting	5,000	–	5,000
CUMULATIVE EXPENDITURES, DECEMBER 31, 2022	**2,323,447**	**482,958**	**2,806,405**
Assays	$ 65,140	$ –	$ 65,140
Camp supplies and field expenses	19,846	608	20,454
Claim staking and maintenance	900	–	900
Consulting	166,032	40,762	206,794
Drilling	710,922	–	710,922
Equipment	29,030	–	29,030
Field transportation	701,830	–	701,830
General and administrative	561	4,242	4,803
Government grants	(300,000)	–	(300,000)
Ground geophysics	74,242	–	74,242
Line cutting	65,000	–	65,000
TOTAL, SEPTEMBER 30, 2023	**1,533,503**	**45,612**	**1,579,115**
CUMULATIVE, SEPTEMBER 30, 2023	**$ 3,856,950**	**$ 528,570**	**$ 4,385,520**

a) Wine Property

The Wine property, comprised of 24 mineral claims, is located in northwestern Manitoba. The Company staked 22 of these claims in 2021 and acquired the additional two from W.S. Ferreira Limited ("Ferreira") through a Mineral Property Acquisition Agreement ("Wine MPAA") for $150,000 in cash consideration, final payment completed in 2022, and 1,000,000 shares at a value of $0.05 per share issued in 2021. The Company also issued a 2% net smelter royalty to Ferriera in connection with the Wine MPAA, with an option to repurchase 50% (1%) of the royalty for $1,000,000 at any time and an option to repurchase an additional 50% (0.5%) of the remaining royalty for $1,000,000 at any time.

The claims have an annual expenditure requirement of $12.50 per hectare ($51,913 total) for the first ten years and then $25 per hectare thereafter ($103,825 total).

b) Pipy Property

The Pipy property, comprised of 20 mineral claims, is located in northeastern Manitoba. The Company staked 17 of these claims in 2021 and 2022 and acquired the other 3 from Ferreira through a Mineral Property Acquisition Agreement ("Pipy MPAA") for $150,000 in cash consideration, final payment completed in 2022, and 1,000,000 shares at a value of $0.05 per share issued in 2021. The Company also issued a 2% net smelter royalty to Ferriera in connection with the Pipy MPAA, with an option to repurchase 50% (1%) of the royalty for $1,000,000 at any time and an option to repurchase an additional 50% (0.5%) of the remaining royalty for $1,000,000 at any time.

The claims have an annual expenditure requirement of $12.50 per hectare ($15,900 total) for the first ten years and then $25 per hectare thereafter ($31,800 total).

9. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The Company monitors its adjusted capital, which comprises all components of shareholders' equity. The Company manages and adjusts its capital structure based on current economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. No changes were made to the Company's capital management practices during the nine months ended September 30, 2023.

10. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

a) Credit Risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from its operations. Cash consists of bank balances for which the Company considers credit risk to be immaterial as cash is mainly held through large Canadian financial institutions. Receivables balance consists of sales taxes due from the Federal Government of Canada.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. On September 30, 2023, the Company had working capital of $2,314,117 (December 31, 2022 – $4,369,254).

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. There is no interest rate risk related to the Company's financing liabilities. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with a Canadian chartered bank. The Company considers this risk to be immaterial.

d) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Precious and base metal prices fluctuate daily and are affected by numerous factors outside of the Company's control, including, but not limited to, the perception of market participants about the price and future price prospects for nickel, changes in manufacturing and construction activity as well as other industrial demands, levels of worldwide production, and forward sales by producers and speculators.

e) Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The fair value of the Company's receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of the financial instruments. The Company's cash and cash equivalents are measured at fair value using Level 1 inputs.