NiCAN Limited

Management Discussion and Analysis

December 31, 2023

This Management Discussion and Analysis ("MD&A") is an overview of all material information about the operations, liquidity and capital resources of NiCAN Limited (the "Company" or "NiCAN") for the year ended December 31, 2023. The MD&A was prepared as of February 20, 2024 and should be read in conjunction with the annual audited financial statements for the years ended December 31, 2023 and 2022, prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). 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. References to nickel, copper, cobalt, gold, silver, palladium, and platinum will be shown as Ni, Cu, Co, Au, Ag, Pd, Pt, respectively, and the platinum group metals ("PGM").

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "NICN". Additional information related to the Company is available on the Company's website at www.nicanltd.com and on SEDAR+ at www.sedarplus.ca.

COMPANY OVERVIEW

NiCAN is a junior explorer engaged in mineral exploration in Canada. Founded in 2021 by experienced mining executives, its principal business is to acquire and advance a portfolio of high-quality projects in attractive jurisdictions. The Company owns two highly prospective nickel projects located in Manitoba, Canada. Both projects are located on geologically significant features in jurisdictions where significant mineral discoveries have been made.

2023 HIGHLIGHTS

- **Completed Phase III drill program at the Wine Property** in November 2023, with a total of 2,209 meters of diamond drilling designed to test the Wine Occurrence as well as several additional greenfield geophysical targets throughout the Wine Gabbro. Highlights of the program, reported subsequent to year end, included:
  - Diamond drill hole Wine 23-29 intersected multiple zones of mineralization including 31.5 meters at 1.90% Cu and 1.92% Ni, the longest zone of continuous mineralization intersected to date, and and 9.6 meters in the Upper Zone at 2.20% Cu and 1.56% Ni.

- **Completed Phase II drill program at the Wine Property**, testing greenfield targets identified by an airborne geophysical survey as well as following up on significant results from drilling in early 2022. The Phase II drill program was completed in April 2023 with a total of 2,800 meters drilled.
  Highlights from the program included:
  - New nickel bearing mineralized zones identified, associated with geophysical anomalies traceable for several kilometers within the Wine Gabbro;
  - Diamond drill hole ("DDH") Wine 23-16 intersected four zones of mineralization including 12.6 meters at 1.52% Ni and 2.01% Cu; and
  - DDH Wine 23-17 intersected three zones of mineralization including 23.5 meters at 1.59% Ni and 1.76% Cu.

- **Received a $300,000 grant from the Manitoba Mineral Development Fund (“MMDF”).** The Company received the first $150,000 in May and the remainder in August of 2023. In December 2023, the Company received approval for an additional $300,000 grant, with $150,000 received in early January 2024.

REVERSE TAKEOVER ACQUISITION

On July 26, 2022, the Company and 1287390 BC Ltd. (“1287390”) completed a reverse takeover transaction (the “RTO Transaction”) pursuant to an amalgamation agreement dated March 3, 2022, and amended on June 29, 2022, and July 19, 2022. Prior to completion of the amalgamation, 1287390 completed a 1:0.728 reverse split of its existing outstanding common shares (the “Consolidated Shares”). Subsequently, each common share of NiCAN and each Consolidated Share of 1287390 were exchanged for one common share in the amalgamated entity. Upon completion of the RTO Transaction, the Company issued 3,106,132 common shares to the shareholders of 1287390 for a total consideration of $1,310,000.

REPORT ON OPERATIONS

The Company’s Properties as of December 31, 2023 include:

Project Area	Claims	Area (ha)
	December 31, 2023	
Wine Property	24	5,666
Pipy Property	20	3,913
Total	**44**	**9,579**

The following is a breakdown of expenditures during the year ended December 31, 2023:

Amounts in $	Wine	Pipy	Total
Assays	$ 73,581	$ –	$ 73,581
Camp supplies and field expenses	36,853	608	37,461
Claim staking and maintenance	1,247	–	1,247
Consulting	255,732	47,962	303,694
Drilling	1,410,444	–	1,410,444
Equipment rental	46,313	–	46,313
Field transportation	1,132,380	–	1,132,380
General and administrative	1,169	4,242	5,411
Government grants	(300,000)	–	(300,000)
Ground geophysics	108,697	–	108,697
Line cutting	144,905	–	144,905
Total Property Expenditures, December 31, 2023	**$ 2,911,321**	**$ 52,812**	**$ 2,964,133**

Wine Property

The Wine Property, comprised of 24 mineral claims totaling 5,666 hectares, is located in northwestern Manitoba, in the eastern Flin Flon-Snow Lake greenstone belt on the southern flank of the internal zone of the Trans Hudson Orogen. The Company staked 22 of the 24 claims in 2021 and acquired the additional two claims from W.S. Ferreira Limited ("Ferreira") through a Mineral Property Acquisition Agreement dated May 7, 2021. Consideration for the claims was comprised of cash payments totalling $150,000 and 1,000,000 common shares at a deemed issue price of $0.05 per share. The Company also provided a 2% net smelter royalty, 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 Wine Property is underlain by arc-affinity volcanic rocks and successor arc plutonic rocks affected by the West Reed–North Star shear zone ("WRNS"). The WRNS represents a deep seated, regional shear zone running NNE along the west shore of Reed Lake. The rocks underlying the Wine property are prospective for the development of a number of mineral deposits. The potential for the development of magmatic-hosted copper-nickel deposits is demonstrated by the discovery of the Wine Occurrence (defined below) in the northern portion of the project area. This potential extends across the property as mafic intrusive rocks occupy a significant proportion of the property. Volcanogenic massive sulphide ("VMS"), reef-type PGM and orogenic gold deposit types are also prospective on the property.

Historical exploration on the Wine property focused initially on VMS mineralization following significant discoveries elsewhere in the Flin Flon-Snow Lake area. The nickel potential of the property was not recognized until 1984, when Hudson Bay Exploration and Development discovered Cu-Ni mineralization. Subsequent historical drilling identified a broad zone of Cu-Ni mineralization and follow up drilling continued to intersect a broad zone of Cu-Ni mineralization over a relatively short strike length, with most of the work focused on the area of the original discovery (the "Wine Occurrence"). Significant historical drill intersections include drill hole EEL346 (12.0m grading 1.67% Ni, 1.52% Cu) and RAD07-01 (20.4m grading 2.27% Cu, 1.30% Ni, 0.05% Co, 0.319 g/t Au and 0.402 g/t PGM).

NiCAN completed its second drill program at the Wine Property in April 2023, testing multiple targets identified by the 2022 Versatile Time Domain Electromagnetic ("VTEM") airborne geophysical survey as well as follow up holes within the Wine Occurrence. The VTEM survey was designed to define the location and configuration of conductive sources that have a similar signature to the known Wine Ni-Cu Occurrence.

The Phase II drill program included 17 holes for a total of 2,800 meters. A key discovery from the program was the intersection of multiple new zones of nickel-bearing mineralization to the east of the known high-grade Ni-Cu Wine Occurrence, supporting the exploration model that the Wine Gabbro could host multiple mineralized pods, and significantly expanding the exploration target area: DDH Wine 23-16 intersected four zones of mineralization including 12.6 meters at 1.52% Ni and 2.01% Cu, from 48.3 to 60.9 meters, and DDH Wine 23-17 intersected three zones of mineralization including 23.5 meters at 1.59% Ni and 1.76% Cu, from 18.6 to 42.1 meters. Composite Assays are noted in the table below:

Hole t#	From	To	metres	Co %	Cu %	Ni %	PGM g/t
Wine 23-16	4.2	11.9	7.7	0.042	1.69	1.12	0.367
Wine 23-16	23.7	28.0	4.3	0.042	1.96	0.98	0.659
Wine 23-16	33.8	41.3	7.5	0.048	1.02	1.13	0.444
Wine 23-16	48.3	60.9	12.6	0.063	2.01	1.52	0.649
Wine 23-17	4.6	10.4	5.8	0.032	0.99	0.81	0.188
Wine 23-17	18.6	42.1	23.5	0.067	1.76	1.59	0.514
Wine 23-17	47.7	48.6	0.9	0.038	0.38	0.80	0.311

Conductive sources that return anomalous nickel values were tested with downhole geophysical surveys in the third quarter of 2023.

During the fourth quarter of 2023 the Company completed the Phase III drilling program, consisting of 2,209 meters. A total of 17 holes were drilled. The original program had 1,700 meters planned but much improved drill productivity allowed for an additional 500+ meters to be drilled while remaining within the allotted budget. The drill program focused on expanding previously defined nickel-bearing zones to the east of the Wine Occurrence and testing expanded greenfield target areas of more than 6 km along strike. Targets were identified by surface time-domain electromagnetic ("TDEM"), borehole and surface surveys, combined with re-processed VTEM airborne geophysical survey.

Pipy Property

The Pipy property, consisting of Pipy South, North and West, covers over 3,913 hectares in northeastern Manitoba on the northern extent of the Thompson Nickel Belt (the "TNB"). The TNB is a 150-kilometre-long nickel metallotect extending from Phanerozoic cover in the south to the north of the city of Thompson, Manitoba. The TNB consists of Proterozoic sedimentary and volcanic rocks deposited unconformably on Archean basement. Nickel deposits hosted by the TNB reflect the confluence of Proterozoic sulphur-rich sedimentary rocks comprising the Ospwagan Group and ultramafic intrusive rocks. Several sedimentary sequences overlay the Ospwagan Group, including terrestrial and shallow water conglomerate and sandstone comprising the Grass River Group and sediments of the Kisseynew Basin.

In 2021, the Company staked five claims and acquired three claims from Ferreira through a Mineral Property Acquisition Agreement dated May 7, 2021. Consideration for the claims was comprised of cash payments totalling $150,000 and the issuance of 1,000,000 common shares at a deemed issue price of $0.05 per share. The Company also provided a 2% net smelter royalty, 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 Pipy property is underlain by a tightly folded sequence of Archean basement orthogneisses and Ospwagan Group supracrustal rocks. The distribution of Ospwagan supracrustal rocks is delineated by their geophysical response and local diamond drill confirmation that defines a tight fold interference geometry. Critical to the prospectivity of the property, drilling by INCO, Dunlop, Falconbridge, and others, has identified a sequence of Ospwagan Group, Pipe Formation sulphide facies iron formation and sulphidic sediments in close proximity to ultramafic intrusive rocks. The understanding of the genesis of Ni-Cu deposits hosted by the TNB has evolved significantly since most historical exploration of the Pipy property took place and the Company classifies the exploration potential as good to excellent. Geophysics will play a critical role in the development of targets for diamond drilling due to the thick glacial cover over the area.

Historical drilling at Pipy has intersected sulphides in the sediments and ultramafic intrusions and although assays were never released, the drill logs note visible nickel sulphides in several holes. The historical holes with logged nickel sulphides and the new structural interpretation will be critical in planning the upcoming drill program. Particular attention will be paid to fold closures where sulphides may be structurally remobilized and concentrated. At least five prospective fold closures have been identified to date.

To date, the Company has focused primarily on obtaining and reprocessing historical data, including all assessment data, and existing airborne geophysical data. Additionally, the Company completed an unmanned aerial vehicle ("UAV") supported, high-definition, aeromagnetic survey at a 50-metre line spacing during the third quarter of 2021 on the Pipy South Claims. NiCAN subsequently updated the interpretation of the geology based on the newly acquired geophysical data, improving the understanding of the Pipy property.

During the year ended December 31, 2023, the Company focused on permitting an initial reconnaissance drill program at Pipy to test both historical target areas as well as new anomalies identified from the high-definition UAV aeromagnetic survey completed previously.

REVIEW OF FINANCIAL RESULTS

The following is a summary of results from the Company's financial statements:

For the period ended	December 31, 2023	December 31, 2022
Loss and comprehensive loss	$ (3,570,084)	$ (3,803,374)
Basic and diluted loss per share	(0.05)	(0.06)

As at	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 1,148,919	$ 4,608,703
Total assets	1,338,875	4,735,012
Share capital	9,085,882	9,085,882
Deficit	(8,546,676)	(5,073,124)

During the year ended December 31, 2023, the Company incurred a loss of $3,570,084 (December 31, 2022 - $3,803,374), primarily arising from exploration costs ($2,964,133) incurred during the year, comprised of costs incurred for drilling ($1,410,444), helicopter support ($1,132,380), and exploration consulting fees ($255,732), net of the proceeds received from the MMDF during the year $300,000. These costs were offset by interest income ($117,019) and the premium flow-through recovery amount of $295,023 as the exploration costs incurred reduced the liability associated with flow-through shares issued in 2022.

QUARTERLY RESULTS

The following selected financial information is a summary of the recently completed quarters up to December 31, 2023.

	Three months ended Dec 31, 2023	Three months ended Sept 30, 2023	Three months ended Jun 30, 2023	Three months ended Mar 31, 2023	Three months ended Dec 31, 2022	Three months ended Sept 30, 2022	Three months ended Jun 30, 2022	Three months ended Mar 31, 2022
Comprehensive loss	$ (1,514,947)	$ (242,309)	$ (217,481)	$ (1,595,347)	$ (211,776)	$ (2,077,602)	$ (677,922)	$ (836,074)
Basic and diluted loss per share	(0.02)	(0.00)	(0.00)	(0.02)	(0.00)	(0.03)	(0.01)	(0.02)

The Company's expenses fluctuate from period to period primarily due to marketing or exploration activities and, therefore, lack some degree of comparability. Exploration activity will vary depending on seasonality, the availability of funding, primarily sourced from equity financing, and whether the Company has expenditure commitments on claims to maintain them in good standing.

During the year ended December 31, 2022, NiCAN completed its first drill program at the Wine Property, a helicopter supported program with 17 diamond drill holes, incurring $708,282 in drilling costs along with $474,373 in field transportation costs. The Company also completed downhole Time Domain Electromagnetic Method ("TDEM") geophysical surveys on two historical holes with significant intercepts as well as surface TDEM surveys over the Wine Project area. On July 26, 2022, the Company completed the RTO Transaction and the subsequent TSX-V listing of NiCAN, incurring $1,352,608 of acquisition costs and an additional $359,837 of legal costs.

During the three months ended March 31, 2023, the Company completed the Phase II drill program at the Wine Property, incurring drilling costs of $651,640 and field transportation costs of $658,530. More than 2,800 metres of drilling was completed during the period. During the six months ended September 30, 2023, the Company received $300,000 from the MMDF, which was applied towards the exploration program at Wine and reduced the exploration expenses incurred. During the three months ended December 31, 2023, the Company completed a 2,209 metre drill program at Wine (Phase III) to test multiple conductive targets identified by recently completed geochemical and geophysical surveys.

LIQUIDITY AND CAPITAL RESOURCES

		December 31, 2023		December 31, 2022
Cash and cash equivalents	$	1,148,919	$	4,608,703
Total current assets		1,338,875		4,735,012
Total current liabilities		539,705		365,758
Total equity		799,170		4,369,254

At present, the Company's operations do not generate cash flow and its 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. To continue advancing exploration, the Company will need to raise additional funds in the future, however there is no assurance that new funding will be available at the times required or desired by the Company. Factors that affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of debt and equity markets, and investor perceptions and expectations of the global markets, mining, and the base metals sector in particular.

As of December 31, 2023, the Company had a net working capital of $799,170 (December 31, 2022 - 4,369,254) and subsequently received approval for an additional $300,000 from the MMDF towards the completed Phase III drill program ($150,000 received in January 2024, the remainder expected by early March 2024). The Company expects this to be sufficient to satisfy current liabilities and support existing and planned exploration activities throughout the year.

OUTSTANDING SHARE DATA

Authorized: an unlimited number of common shares without par value	Common shares issued and outstanding	Stock Options
Outstanding as at February 20, 2024, the date of this report	69,398,902	3,000,000

FINANCIAL INSTRUMENTS

The Company's activities potentially expose it to a variety of financial risks, including liquidity risk, interest rate risk, foreign exchange risk, and commodity price risk.

Credit Risk

The Company's credit risk is primarily attributable to its accounts receivable. Accounts 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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at December 31, 2023, the Company had a net working capital of $799,170 (December 31, 2022 - 4,369,254), sufficient to support ongoing operations.

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.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. 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.

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 cash and cash equivalents, accounts receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of the financial instruments.

CONTRACTUAL COMMITMENTS

In the normal course of business, the Company enters contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities and commitments as at December 31, 2023, shown in contractual undiscounted cashflows:

	Within 1 year
Accounts payable and accrued liabilities	539,705
Total	**539,705**

Both the Wine and Pipy Properties are subject to net smelter royalty arrangements, which create contractual obligations if either of these properties is brought into production. Additionally, to maintain the Company's properties in good standing order, the Company is required to make certain mineral claims payments on an annual basis.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SUBSEQUENT EVENTS

On January 2, 2024, the Company received approval from MMDF for a $300,000 grant pursuant to a grant agreement in support of the Phase III drill program at the Wine property. The Company received the first tranche of $150,000 on January 9, 2024 with the remainder expected in late February 2024 upon submission of the final progress report.

RELATED PARTY TRANSACTIONS

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 consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

	December 31, 2023	December 31, 2022
Management fees	$ 356,800	$ 387,667
Directors fees	204,662	177,693
Share-based compensation	–	65,652
TOTAL	**$ 561,462**	**$ 631,012**

OUTLOOK

During the first half of 2023, NiCAN completed its Phase II drilling program at the Wine Project, focusing on untested airborne geophysical anomalies that have a similar signature to the Wine Occurrence. The Company followed up on this drilling with downhole and surface geophysical surveys in order to identify massive sulphide zones, and where warranted, used this information to design a Phase III drilling program to vector in on the nickel-copper bearing zones. The Phase III drill program at the Wine Project was completed in the fourth quarter, with 2,209 meters of diamond drilling completed focusing on further defining and locating nickel and copper targets within the Wine Gabbro.

At the Pipy South property, permit dependent, a 2,000-metre drill program is planned for 2024 to test several targets defined from the detailed aeromagnetic survey flown in 2021 and the compilation of past geophysical work and diamond drilling. All drill holes will subsequently be tested with downhole TDEM. At the Pipy North and Pipy West properties, an airborne geophysical survey is planned to test for nickel mineralization within the favourable Pipe Formation stratigraphy, interpreted to underlie the property. Targets generated from this survey will be prioritized for subsequent drill testing.

In 2024 the Company will continue to compile data on both properties to further refine and prioritize future drill targeting, and to evaluate opportunities for strategic property and project acquisitions within the respective property areas to broaden the exploration program. The Company expects to continue drilling at the Wine property during the first quarter of 2024 to follow up on priority targets resulting from the previous drill program. Leveraging the geological expertise of its management team, the Company also continues to evaluate additional nickel and copper projects, focusing on areas in stable jurisdictions, preferably in the North American region.

QUALIFIED PERSONS

Mr. Bill Nielsen, P.Geo, a consultant to NiCAN, is a Qualified Person as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects, and is responsible for the review of technical information in the MD&A.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities; as well as the reported expenses during the reporting period. Such estimates and assumptions affect the determination of the carrying value and the recoverability of exploration and evaluation assets and the inputs used in calculating the fair value of share-based payment expense. Management re-evaluates its estimates and assumptions on an ongoing basis; however, due to the nature of estimates, actual amounts could differ from its estimates. The most critical accounting estimates upon which the Company depends are those requiring estimates of reserves and resources, future recoverability of assets, and assumptions around future commodity prices.

Material, Recently Adopted Accounting Policies and Accounting Standards Issued but Not Yet Applied

The Company's material account policies and accounting standards issued but not yet applied are described in Note 3 and Note 4 of the financial statements for the year ended December 31, 2023.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting, as defined in National Instrument 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties, many of which are beyond its ability to control or predict. Because of these risks and uncertainties, actual results may differ materially from those expressed or implied by forward-looking statements, and investors are cautioned not to place undue reliance on such statements, which speak only as of the date hereof. Readers are advised to study and consider risk factors stressed below.

The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

COVID 19 and Other Outbreaks of Communicable Diseases

Our business could be adversely impacted by the effects of the coronavirus or other epidemics. The extent to which COVID-19 impacts our business, including our operations and the market for our securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact our business including without limitation, employee health, workforce productivity, supply chain impacts, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to our drill program and/or the timing to process drill core samples and other metallurgical testing, requiring a partial or full suspension of exploration programs for an indefinite amount of time and other factors that will depend on future developments beyond our control, which may have a material and adverse effect on our business, financial condition and results of operations.

There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks.

In addition, a significant outbreak of COVID-19 or other communicable disease could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for metals, our ability to raise capital, and our future prospects.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of its properties. There can be no assurance that the Company will be successful in obtaining the required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

Nature of Mining, Mineral Exploration and Development Projects

Exploration and mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

No Revenues

To date the Company has recorded no revenues from exploration operations and the Company has not commenced commercial production or development on any property. There can be no assurance that significant losses will not occur in the future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties as well as general inflationary conditions. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

Licenses and Permits, Laws and Regulations

The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities and are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety, government consultation obligations, environmental protection and remediation and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Mineral Commodity Prices

The value of the Company's properties will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

Environmental

The Company's activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the value of the Company's properties. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities for the Company and increase costs of projects.

Competition

NiCAN competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and other experts and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, and to develop processes to extract the commodity from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on NiCAN.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

FORWARD LOOKING INFORMATION

This MD&A provides management's analysis of NiCAN's historical financial and operating results and provides estimates of the Company's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management's assessment of the Company's plans and operations, contains forward-looking information. By their nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve and resource estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, undue reliance should not be placed on forward-looking information. NiCAN's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur or, if any of them do so, what benefits NiCAN will derive therefrom. NiCAN disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise except as required by applicable law.