



NiCAN Limited

Condensed Interim Financial Statements

(Unaudited - expressed in Canadian dollars)

September 30, 2022



STATEMENTS OF FINANCIAL POSITION

(Unaudited - expressed in Canadian dollars)

	Note	September 30, 2022	December 31, 2021
		\$	\$
ASSETS			
Current			
Cash		5,531,017	2,201,254
Prepaid expenses		30,341	55,372
Receivables		54,205	76,211
Total Current Assets		5,615,563	2,332,837
TOTAL ASSETS		5,615,563	2,332,837
LIABILITIES			
Current			
Accounts payable and accrued liabilities	4,7	600,747	149,505
Flow-through share premium liability	5	307,352	726,207
Total Current Liabilities		908,099	875,712
TOTAL LIABILITIES		908,099	875,712
SHAREHOLDERS' EQUITY			
Share capital	6	9,212,316	2,532,563
Share-based payments reserve	6	361,948	199,764
Deficit		(4,866,800)	(1,275,202)
TOTAL SHAREHOLDERS' EQUITY		4,707,464	1,457,125
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,615,563	2,332,837

Nature and continuance of operations – Note 1

Approved on behalf of the Board on November 24, 2022:

/s/ Mike Hoffman
Chair

/s/ Brad Humphrey
Director

STATEMENT OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - expressed in Canadian dollars)

	Note	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Period from incorporation on April 6, 2021 to September 30, 2021
		\$	\$	\$	\$
OPERATING EXPENSES					
Exploration expenditures	8	63,380	279,530	1,863,713	666,969
Professional fees		237,899	–	416,023	9,016
Management fees	7	182,867	42,000	298,467	56,000
General and administrative		76,663	1,460	158,686	9,752
Director fees	7	89,168	13,500	125,168	18,000
Marketing and investor relations		56,747	7,175	86,700	8,175
Share-based compensation		65,652	–	65,652	–
TOTAL OPERATING EXPENSES		772,376	343,665	3,014,409	767,912
OTHER INCOME (EXPENSE)					
Flow-through premium recovery	5	7,945	–	734,152	–
Listing costs	3	(1,352,608)	–	(1,352,608)	–
Interest income		39,437	275	41,267	320
TOTAL OTHER INCOME (EXPENSE)		(1,305,226)	275	(577,189)	320
LOSS AND COMPREHENSIVE LOSS		(2,077,602)	(343,390)	(3,591,598)	(767,592)
LOSS PER SHARE					
Basic and diluted		(0.03)	(0.01)	(0.06)	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES					
Basic and diluted		64,413,430	45,400,000	56,007,268	38,248,876

STATEMENT OF CASH FLOWS

(Unaudited - expressed in Canadian dollars)

	Nine Months Ended September, 2022	Period from incorporation on April 6, 2021 to September 30, 2021
	\$	\$
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(3,591,598)	(767,592)
Flow-through premium recovery	(734,152)	-
Listing expense	1,352,608	-
Shares issued for property acquisitions	-	100,000
Share-based compensation	65,652	-
Changes in non-cash working capital items		
Prepaid expenses	25,031	(7,540)
Receivables	26,081	(40,674)
Accounts payable and accrued liabilities	404,559	207,073
Total cash flows used in operating activities	(2,451,819)	(508,733)
FINANCING ACTIVITIES		
Issuance of common shares	-	1,680,000
Proceeds from private placement for shares	6,130,319	-
Share issuance costs	(348,737)	-
Total cash flows from financing activities	5,781,582	1,680,000
INCREASE IN CASH	3,329,763	1,171,297
CASH - BEGINNING OF PERIOD	2,201,254	-
CASH - END OF PERIOD	5,531,017	1,171,297
SUPPLEMENTAL CASH FLOW INFORMATION:		
Agents warrants issued for payment of financing fees	96,532	-
Shares issued on reverse takeover transaction	1,310,000	-

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - expressed in Canadian dollars)

	Number of common shares	Share capital	Share-based payments reserve	Deficit	Total
		\$	\$	\$	\$
BALANCE, APRIL 6, 2021	-	-	-	-	-
Shares issued on incorporation	5,050,000	5,050	-	-	5,050
Shares issued by direct subscription	4,950,000	4,950	-	-	4,950
Shares issued by private placement	33,400,000	1,670,000	-	-	1,670,000
Shares issued for the acquisition of properties	2,000,000	100,000	-	-	100,000
Loss for the period	-	-	-	(767,592)	(767,592)
BALANCE, SEPTEMBER 30, 2021	45,400,000	1,780,000	-	(767,592)	1,012,408
Shares issued by private placement	6,358,000	1,589,500	-	-	1,589,500
Share issue costs	-	(36,735)	-	-	(36,735)
Share issue costs – agents' warrants	-	(5,452)	5,452	-	-
Flow-through share premium	-	(794,750)	-	-	(794,750)
Shares-based compensation	-	-	194,312	-	194,312
Loss for the period	-	-	-	(507,610)	(507,610)
BALANCE, DECEMBER 31, 2021	51,758,000	2,532,563	199,764	(1,275,202)	1,457,125
Shares issued by private placement	14,534,770	6,130,319	-	-	6,130,319
Share issue costs	-	(348,737)	-	-	(348,737)
Share issue costs – agents' warrants	-	(96,532)	96,532	-	-
Shares issued on reverse takeover	3,106,132	1,310,000	-	-	1,310,000
Flow-through share premium	-	(315,297)	-	-	(315,297)
Shares-based compensation	-	-	65,652	-	65,652
Loss for the period	-	-	-	(3,591,598)	(3,591,598)
BALANCE, SEPTEMBER 30, 2022	69,398,902	9,212,316	361,948	(4,866,800)	4,707,464

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. On July 26, 2022, the Company completed a reverse takeover transaction (the "RTO Transaction") with 1287390 B.C. Ltd. ("1287390") (Note 4) and, subsequently, the Company's common shares were listed on the TSX Venture Exchange under the symbol "NICN".

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 may 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.

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, 2021, 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, 2021.

On November 24, 2022, the Board of Directors of the Company approved these condensed interim financial statements for the three and nine months ended September 30, 2022.

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, and amended on June 29, 2022 and July 19, 2022. Prior to completion of the RTO Transaction, 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 (the "Resulting Issuer").

The substance of the transaction is a reverse takeover acquisition ("RTO") 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 does not constitute a business combination. Rather, it is treated as an issuance of common shares by the Company for the acquisition of net assets of 1287390 and its public listing. The fair value of the consideration paid (based on the fair value of the Resulting Issuer common shares just prior to the RTO) less the 1287390 net assets acquired, has been recognized as a listing expense in profit or loss for the nine months ended September 30, 2022.

The following represents the fair value of 1287390 net assets acquired as at September 30, 2022, as a result of the RTO:

CONSIDERATION	
Common shares – 3,106,132 at \$0.42 each	\$ 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 LIABILITIES

	September 30, 2022	December 31, 2021
Accounts payable	\$ 259,870	\$ 109,505
Accrued liabilities	340,877	40,000
TOTAL	\$ 600,747	\$ 149,505

5. FLOW-THROUGH SHARE PREMIUM LIABILITY

Flow-through share premium liability consists 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 APRIL 6, 2021	\$ -
Liability incurred on flow-through shares issued during the period	794,750
Settlement of flow-through share liability on incurred expenditures	(68,543)
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	(734,152)
BALANCE AT SEPTEMBER 30, 2022	\$ 307,352

On October 28, 2021, the Company issued 6,358,000 flow-through shares at a price of \$0.25 per share for gross proceeds of \$1,589,500 (Note 6). A flow-through premium liability of \$0.125 per share was recorded for the flow-through shares.

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, 2022, the Company incurred \$1,524,029 of eligible flow-through expenditures, fulfilling the remaining spending commitment for the flow-through shares issued in October 2021, with \$71,616 applied to the flow-through shares issued in July 2022. A total flow-through share premium liability of \$734,152 was amortized to flow-through premium recovery on the condensed interim 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.

The Company issued 5,050,000 common shares to founders of the Company on April 6, 2021 for total proceeds of \$5,050. An additional 4,950,000 common shares were issued on April 20, 2021 to subscribers for proceeds of \$4,950.

On May 10, 2021, the Company closed a non-brokered private placement of 33,400,000 common shares at a subscription price of \$0.05 per common share, for total proceeds of \$1,670,000.

On July 23, 2021, the Company issued 1,000,000 common shares as consideration for each of the Pipy and Wine properties (2,000,000 common shares combined) with a total value of \$100,000 (Note 8).

On October 28, 2021, the Company closed a non-brokered private placement of 6,358,000 flow-through shares at a subscription price of \$0.25 per flow-through share, for total proceeds of \$1,589,500. The Company paid finders fees of \$36,735 and issued 331,200 agents' warrants with a fair value of \$5,452. Each agents' warrant entitles the holder to acquire one common share of the Company for \$0.25 per share on or before October 28, 2022.

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, the subscription receipts were exchanged for 8,177,500 common shares and 6,305,946 flow-through common shares in the Resulting Issuer, 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 each finder's warrant exercisable to acquire one NiCAN common share 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, totalling 17,013,332 shares, were entered into whereby the shares held in escrow will be released as follows: 10% of the shares will be 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 at September 30, 2022, a total of 15,2312,000 shares remained in escrow, approximately 22% of the total outstanding shares.

b) Stock Options

The Company has a stock option plan (the "Plan") that authorizes the Board of Directors to grant options to directors, officers, consultants and key employees. The maximum number of common shares issuable pursuant to the exercise of the options granted under the plan is 10% of the total issued and outstanding common shares of the Company at time of grant. The maximum number of stock options granted to any one individual in a twelve-month period may not exceed 5% of the outstanding common shares of the Company. The maximum number of stock options granted to any one consultant or an individual providing investor relations services in a twelve-month period may not exceed 2% of the outstanding common shares of the Company. Options granted to consultants or individuals providing investor relations services will vest over at least twelve months with no more than one-quarter of the options vesting in any three-month period. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant. These options are non-transferrable and are valid for a maximum of ten years from the date of issue, and except for where previously noted, are subject to vesting provisions as determined by the Board of Directors.

On December 13, 2021, the Company granted 2,500,000 incentive stock options to directors, management and consultants of the Company, exercisable at \$0.25 per share for a period of five years, vesting immediately. During the three and nine months ended September 30, 2022 the Company granted 500,000 incentive stock options to directors of the Company, exercisable at \$0.25 per share for a period of five years, vesting immediately.

The following table summarizes information about the share options as at September 30, 2022:

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	4.21	\$0.08	2,500,000	December 13, 2026
August 10, 2022	500,000	\$0.25	4.86	\$0.13	500,000	August 10, 2027

Stock option transactions are summarized as follows:

	Number	Weighted Average Exercise Price
BALANCE, APRIL 6, 2021	-	\$ -
Granted	2,500,000	0.25
BALANCE, DECEMBER 31, 2021	2,500,000	\$ 0.25
Granted	500,000	0.25
BALANCE, SEPTEMBER 30, 2022	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
December 13, 2021	5.00	1.26%	nil	96%	\$0.08
August 10, 2022	5.00	2.85%	nil	99%	\$0.13

⁽¹⁾ Expected volatility has been determined using the historical share price of 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, APRIL 6, 2021	-	\$ -
Issued	331,200	0.25
BALANCE, DECEMBER 31, 2021	331,200	\$ 0.25
Issued	843,823	0.40
BALANCE, SEPTEMBER 30, 2022	1,175,023	\$ 0.36

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

Issue date	Expiry date	Expected Warrant life (years)	Risk free interest rate	Dividend yield	Expected volatility ⁽¹⁾	Weighted average fair value
October 28, 2021	October 28, 2022	0.08	1.07%	nil	84%	\$0.02
March 30, 2022	March 30, 2023	0.50	2.37%	nil	71%	\$0.11

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

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, 2022	Period Ended September 30, 2021
Management fees	\$ 298,467	\$ 56,000
Director fees	125,168	18,000
TOTAL	\$ 423,635	\$ 74,000

As at September 30, 2022, accounts payable and accrued liabilities include \$72,176 (December 31, 2021 - \$12,061) payable to directors and officers of the Company.

8. EXPLORATION PROPERTIES

	Wine	Pipy	Total
SEPTEMBER 30, 2022			
Property acquisitions	\$ 100,000	\$ 100,000	\$ 200,000
Airborne geophysics	153,634	-	153,634
Assays	24,208	-	24,208
Camp supplies and field expenses	43,924	2,416	46,340
Claim staking and maintenance	-	22,000	22,000
Consulting	126,934	55,900	182,834
Drilling	708,282	-	708,282
Field transportation	467,173	-	467,173
Government grants	(50,000)	-	(50,000)
Ground geophysics	104,242	-	104,242
Line cutting	5,000	-	5,000
TOTAL, SEPTEMBER 30, 2022	1,683,397	180,316	1,863,713
DECEMBER 31, 2021	573,484	258,342	831,826
CUMULATIVE, SEPTEMBER 30, 2022	\$ 2,256,881	\$ 438,658	\$ 2,695,539

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 claims from W.S. Ferreira Limited through a Mineral Property Acquisition Agreement for the following consideration:

- Initial cash payment of \$50,000 (paid) and the issuance of 1,000,000 shares at a value of \$0.05 per share (issued);
- Second cash payment of \$100,000 (paid) one year from the date of the agreement on May 7, 2022; and
- 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 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).

On November 30, 2021, the Company received a \$50,000 grant from the Manitoba Mineral Development Fund ("MMDF") pursuant to a Grant Agreement signed on November 8, 2021 in support of current exploration at the Wine property. An additional \$50,000 was received from the MMDF on March 17, 2022, based upon substantially completing the winter exploration program.

b) Pipy Property

The Pipy property, comprised of 13 mineral claims, is located in northeastern Manitoba. The Company staked five of these claims in 2021 and an additional five were staked in 2022, while the remaining three claims were acquired in 2021 from W.S. Ferreira Limited through a Mineral Property Acquisition Agreement for the following consideration:

- Initial cash payment of \$50,000 (paid) and the issuance of 1,000,000 shares at a value of \$0.05 per share

(issued); and

- Second cash payment of \$100,000 (paid) one year from the date of the agreement on May 7, 2022; and
- 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 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, 2022.

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 consist 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, 2022, the Company had working capital of \$4,707,464 (December 31, 2021 - \$1,457,125). Management believes that the Company has sufficient financial resources to meet its obligations as they come due.

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. 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 is measured at fair value using Level 1 inputs.