



NiCAN Limited

Condensed Interim Financial Statements

(Unaudited - expressed in Canadian dollars)

June 30, 2024



STATEMENTS OF FINANCIAL POSITION

(Unaudited - expressed in Canadian dollars)

	Note	June 30, 2024	December 31, 2023
		\$	\$
ASSETS			
Current			
Cash		1,537,833	1,148,919
Prepaid expenses		29,916	59,275
Receivables		41,658	130,681
Total Current Assets		1,609,407	1,338,875
TOTAL ASSETS		1,609,407	1,338,875
LIABILITIES			
Current			
Accounts payable and accrued liabilities	3,6	323,235	539,705
Flow-through share premium liability	4	258,363	-
Total Current Liabilities		581,598	539,705
TOTAL LIABILITIES		581,598	539,705
SHAREHOLDERS' EQUITY			
Share capital	5	10,004,012	9,085,882
Share-based payments reserve	5	555,066	259,964
Deficit		(9,531,269)	(8,546,676)
TOTAL SHAREHOLDERS' EQUITY		1,027,809	799,170
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,609,407	1,338,875

Nature and continuance of operations – Note 1

Approved on behalf of the Board on August 23, 2024:

/s/ Mike Hoffman
Chairman

/s/ Brad Humphrey
Director

STATEMENT OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - expressed in Canadian dollars)

	Note	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
		\$	\$	\$	\$
OPERATING EXPENSES					
Exploration expenditures	8	87,282	14,689	562,825	1,550,537
Management fees	7	89,200	89,200	178,400	178,400
General and administrative		96,213	36,412	161,248	108,059
Director fees	7	51,179	53,541	102,171	101,292
Marketing and investor relations		49,479	66,095	70,893	99,692
Professional fees		6,159	8,406	74,296	18,713
Share-based compensation		-	-	234,596	-
TOTAL OPERATING EXPENSES		379,512	268,343	1,384,429	2,056,693
OTHER INCOME					
Flow-through premium recovery	5	48,636	20,967	371,637	172,278
Interest income		13,256	29,895	28,199	71,587
TOTAL OTHER INCOME		61,892	50,862	399,836	243,865
LOSS AND COMPREHENSIVE LOSS		(317,620)	(217,481)	(984,593)	(1,812,828)
LOSS PER SHARE					
Basic and diluted		(0.00)	(0.01)	(0.01)	(0.03)
WEIGHTED AVERAGE NUMBER OF SHARES					
Basic and diluted		81,398,902	69,398,902	77,923,492	69,398,902

STATEMENT OF CASH FLOWS

(Unaudited - expressed in Canadian dollars)

	Six Months Ended June 30,	
	2024	2023
	\$	\$
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(984,593)	(1,812,828)
Flow-through premium recovery	(371,637)	(172,278)
Share-based compensation	234,596	
Changes in non-cash working capital items		
Prepaid expenses	29,359	(47,802)
Receivables	89,023	37,493
Accounts payable and accrued liabilities	(216,470)	(11,158)
Total cash flows used in operating activities	(1,219,722)	(2,006,573)
FINANCING ACTIVITIES		
Proceeds from private placement of shares	1,830,000	-
Share issuance costs	(221,364)	-
Total cash flows used in operating activities	1,608,636	-
INCREASE (DECREASE) IN CASH	388,914	(2,006,573)
CASH - BEGINNING OF PERIOD	1,148,919	4,608,703
CASH - END OF PERIOD	1,537,833	2,602,130
SUPPLEMENTAL CASH FLOW INFORMATION:		
Agents warrants issued for payment of financing fees	60,506	-
Flow-through share premium liability	630,000	-

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, 2022	69,398,902	9,085,882	356,496	(5,073,124)	4,369,254
Warrant expiry	-	-	(96,532)	96,532	-
Loss for the period	-	-	-	(1,812,828)	(1,812,828)
BALANCE, JUNE 30, 2023	69,398,902	9,085,882	259,964	(6,789,420)	2,556,426
Loss for the period	-	-	-	(1,757,256)	(1,757,256)
BALANCE, DECEMBER 31, 2023	69,398,902	9,085,882	259,964	(8,546,676)	799,170
Shares issued by private placement	12,000,000	1,830,000	-	-	1,830,000
Share issue costs	-	(221,364)	-	-	(221,364)
Flow-through share premium	-	(630,000)	-	-	(630,000)
Agents warrants	-	(60,506)	60,506	-	-
Shares-based compensation	-	-	234,596	-	234,596
Loss for the period	-	-	-	(984,593)	(984,593)
BALANCE, JUNE 30, 2024	81,398,902	10,004,012	555,066	(9,531,269)	1,027,809

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 130 King St West, Suite 3680, Toronto, Ontario, M5X 1B1.

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 their 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, 2023, 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, 2023.

On August 23, 2024, the Board of Directors of the Company approved these condensed interim financial statements for the six months ended June 30, 2024.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2024	December 31, 2023
Accounts payable	\$ 298,235	\$ 459,816
Accrued liabilities	25,000	79,889
TOTAL	\$ 323,235	\$ 539,705

4. 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, 2022	295,023
Settlement of flow-through share liability on incurred expenditures	(295,023)
BALANCE AT DECEMBER 31, 2023	-
Liability incurred on flow-through shares issued during the period	630,000
Settlement of flow-through share liability on incurred expenditures	(371,637)
BALANCE AT JUNE 30, 2024	\$ 258,363

On February 23, 2024, the Company issued 8,400,000 flow-through shares at a price of \$0.175 per share for gross proceeds of \$1,470,000 (Note 5). A flow-through premium liability of \$0.075 per share was recorded for the flow-through shares.

During the six months ended June 30, 2024, the Company incurred \$867,175 of eligible flow-through expenditures to be applied to the flow-through shares issued in February 2024. A total flow-through share premium liability of \$371,637 was amortized to flow-through premium recovery on the statements of loss and comprehensive loss.

5. SHARE CAPITAL

a) Share capital

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

Issued: 81,398,902 common shares.

On February 23, 2024, the Company closed a brokered private placement of 3,600,000 common shares (the "Common Shares") of the Company at a price of \$0.10 per Common Share and 8,400,000 common shares that qualify as "flow through shares" (within the meaning of subsection 66(15) of the Income Tax Act (Canada)) (the "Flow Through Shares") at a price of \$0.175 per Flow Through Share for aggregate gross proceeds of \$1,830,000. In connection with the brokered private placement, the Company paid a cash commission of \$128,100 and issued 840,000 non-transferable broker warrants of the Company (the "Broker Warrants") to the underwriters, with each Broker Warrant exercisable to acquire one common share in the capital of the Company at an exercise price of \$0.10 per share until February 23, 2026.

As a condition to the completion of an amalgamation agreement completed on July 26, 2022, pursuant to which the Company completed a share exchange and subsequent public listing of the resulting issuer, certain shareholders, including directors and insiders, entered into escrow agreements with the Company. Total shares escrowed were 17,013,332 shares, to 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 at June 30, 2024, a total of 7,656,000 shares remained in escrow (December 31, 2023 – 10,208,000 shares).

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.

On March 26, 2024, the Company granted 3,600,000 incentive stock options to directors, management, and consultants of the Company, exercisable at \$0.11 per share for a period of five years, vesting immediately.

The following table summarizes information about the share options as at June 30, 2024:

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	2.45	\$0.08	2,500,000	December 13, 2026
August 10, 2022	500,000	\$0.25	3.11	\$0.13	500,000	August 10, 2027
March 26, 2024	3,600,000	\$0.11	4.74	\$0.07	3,600,000	March 26, 2029

Stock option transactions are summarized as follows:

	Number	Weighted Average Exercise Price
BALANCE, DECEMBER 31, 2022	3,000,000	\$ 0.25
BALANCE, DECEMBER 31, 2023	3,000,000	\$ 0.25
Granted	3,600,000	0.11
JUNE 30, 2024	6,600,000	\$ 0.17

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
March 26, 2024	5.00	3.50%	nil	75%	\$0.07

⁽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, 2022	843,823	\$ 0.40
Expired	(843,823)	0.40
BALANCE, DECEMBER 31, 2023	-	-
Issued	840,000	0.10
BALANCE, JUNE 30, 2024	840,000	\$ 0.10

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

Issue date	Expected Warrant life (years)	Risk free interest rate	Dividend yield	Expected volatility ⁽¹⁾	Weighted average fair value
February 23, 2024	2.00	4.18%	Nil	96%	\$0.07

⁽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.

6. 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:

	Six months ended June 30,	
	2024	2023
Management fees	\$ 178,400	\$ 178,400
Director fees	102,171	101,292
Share-based compensation	173,014	-
TOTAL	\$ 453,585	\$ 279,692

As at June 30, 2024, accounts payable and accrued liabilities include \$nil (December 31, 2023 - \$52,019) payable to directors and officers of the Company.

7. EXPLORATION PROPERTIES

	Wine	Pipy	Total
CUMULATIVE EXPENDITURES, DECEMBER 31, 2022	\$ 2,323,447	\$ 482,958	\$ 2,806,405
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
CUMULATIVE EXPENDITURES, DECEMBER 31, 2023	5,234,768	535,770	5,770,538
Assays	\$ 45,044	\$ –	\$ 45,044
Camp supplies and field expenses	31,005	–	31,005
Consulting	100,865	5,100	105,965
Drilling	205,053	–	205,053
Equipment rental	6,099	–	6,099
Field transportation	291,535	–	291,535
General and administrative	196	6,225	6,421
Government grants	(300,000)	–	(300,000)
Ground geophysics	171,703	–	171,703
TOTAL, JUNE 30, 2024	551,500	11,325	562,825
CUMULATIVE, JUNE 30, 2024	\$ 5,786,268	\$ 547,095	\$ 6,333,363

a) Wine Property

The Wine property, comprised of 24 mineral claims, is located in northwestern Manitoba. The Company acquired two of these claims 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 Ferreira 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 (\$70,825 total) for the first ten years and then \$25 per hectare thereafter (\$141,650 total).

b) Pipy Property

The Pipy property, comprised of 20 mineral claims, is located in northeastern Manitoba. The Company acquired 3 of these claims 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 Ferreira in connection with the Pipy

MCAA, 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 (\$47,950 total) for the first ten years and then \$25 per hectare thereafter (\$95,900 total).

8. 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 six months ended June 30, 2024.

9. 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 June 30, 2024, the Company had working capital of \$1,027,809 (December 31, 2023 – \$799,170).

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.