

June 22, 2006

**NIOCAN INC.**

Letter to Shareholders

Dear Shareholder,

At our AGM held in Montreal on May 18, 2006, a new slate of Directors, reduced in number from 8 to 5, was elected. Messrs Dufour, Robin, Faucher and Levasseur retired from the Board and Mr. Lars-Eric Johansson joined the Board. Your Board continues to concentrate its efforts to obtain the Certificate of Authorization (CA) from the Ministry of Sustainable Development (MDDEP in Quebec) for the Oka's niobium project and to focus as well on development work to enhance the value of our Great Whale Iron Property.

Our new Director, Lars-Eric Johansson, is an experienced individual in the mining industry and we believe that he will be a significant contributor to the growth of Niocan. Lars-Eric is Executive VP and CFO of Kinross Gold. He has acted as special consultant for the financing of Falconbridge's Koniamko nickel project in New Caledonia. Lars is also on the Boards of Tiberon Minerals Inc. and Aber Diamond Corporation.

The internationally renowned mining consulting group of Golder and Associates has completed all the field measurements required to simulate the future effects on the water tables when our niobium mine project is in operation. Their final report is expected by August 4<sup>th</sup> 2006. This complementary study of the future behaviour of the underground water tables, in the soils and the rocks, (ore body and hoist rock) has required numerous large size drill holes and pumping tests in order to design a model based on empirical data that simulate the effects of the underground water at different levels of future operations, taking into consideration the continuous paste backfill with the mill tailings. This exhaustive hydrological study was assigned to Golder because of their renowned expertise in this engineering field worldwide, so that the responses to the MDDEP's questions will be very credible. Management believes that this report will once and for all provide a complete picture to the Ministry, and allow them to finally issue the CA for the niobium mine project in Ste-Sophie's range of Oka, possibly as early as the fall of 2006.

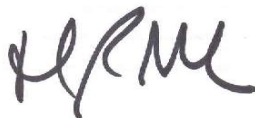
It should be noted that according to Tantalum – Niobium International Study Center (TIC) December 2005, the global production of niobium has grown at about 12% per year since 2000. Prices have also increased.

The Company has decided to add 69 claims surrounding the A – D – E sites on our iron ore property at Great Whale River in order to secure the mining right tenures around the deposits and allow for plant site location. There are currently a number of competing claiming activities for gold and diamonds in this region.

MET-CHEM has delivered the Project Review of the Great Whale Iron Property (GWIP) which reviews the existing information and a preliminary description. With budget estimates of the necessary field exploration work, test work and studies are to be completed prior to the completion of a bankable feasibility study.

Based on this review of historical data from the 1970's, Niocan has mandated Met-Chem to prepare a Technical Report as per NI 43-101 on the disclosure of these mineral properties. Such a report is intended to certify the geological and metallurgical historical data and also to give an outlook on the environmental matters. This technical report is mandatory to prepare a fund raising prospectus to cover the costs of the work necessary to produce, in the first stage, a pre-feasibility study of the Great Whale iron ore project as soon as possible. A site visit by qualified geologists of Met-Chem and Niocan is scheduled for early July. Also, an information meeting with the First Nation Crees and Inuits is scheduled at Whapmagoostui and Kuujjuarapik (twin villages) at the same time. Met-Chem is a consulting firm, specialized in the mining and processing of iron ore, which has realized numerous projects in 20 countries. Met-Chem is a subsidiary of UEC Technologies LLC, owned by US Steel Corporation of Pittsburgh.

Some major iron ore and steel corporations have been contacted by Niocan to determine their possible interest in GWIP. They have requested an update of the historical information and studies, as described above. Management believes that it is a good time to position GWIP while steel is in high demand globally. Even though Brazil and Australia are increasing their iron ore production capability; a very long term competitive Great Whale project with iron ore supply from Canada has the merit of being a dependable swing producer, without mentioning the potential to market this product along Ferroniobium from Oka.



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Hubert Marleau  
Chairman of the Board



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G. Bernard Coulombe, P. Eng.  
President and CEO