

Press Release

Positive bankable feasibility confirms high rate of return on NIOCAN project

February 7, 2000

Following a private financing of \$3.0 Million in May 99, NIOCAN has carried out the following pre-production tasks:

- An optimization of the milling process at the CRM and Lakefield, and of the project concept
- A Base (bankable) engineering feasibility
- An Environmental Impact Study
- A marketing study and distribution agreements, and
- The acquisition of land or surface rights.

RESOURCES:

The NIOCAN project consist of two main orebodies; the S-60 with a minimum of 15 years of proven and probable reserves (at a cut-off of 0.45% Nb₂O₅) and the HWM-2 with 3 years of proven and probable reserves. Both orebodies are open at depth and laterally, which remain to be explored once in production.

A significant inferred resources remains to be defined with expectations of extending the mine life well beyond 20 years.

Millions of tonnes

Cut-off at 0.5% Nb ₂ O ₅	PROVEN	PROBABLE	POSSIBLE	TOTAL	% Nb ₂ O ₅
S-60	7.63	3.11	3.63	14.37	0.66
HWM-2	1.32	2.22	2.41	5.95	0.56
TOTAL	8.95	5.33	6.04	20.32	0.63

The mineralization of the S-60 deposit is also quite different from the St-Lawrence Columbitum ore mined in the sixties and it opens a new play for exploration in the area.

OPTIMIZATION & CONCEPT:

A mining rate of 892,000 tonnes/year is used. Mining of the S-60 orebody down to 400 meters level will be followed by the exploitation of the HWM-2 orebody. This results in better grade and higher recovery in the initial phase of the project and it minimizes the amount of development.

ENGINEERING FEASIBILITY:

The mine, mill, conversion plant and infrastructure of the project were scoped and fixed. All equipment was sized and quotes have been obtained from suppliers.

Site layout including civil and structural quantities have been finalized so that environmental permitting can be requested from regulatory authorities.

The consortium of SNC-Lavalin and Met-Chem have completed the engineering feasibility and financial analysis on January 20, 2000.

ENVIRONMENTAL IMPACT STUDY:

The Environmental Study was completed by Roche Ltée on December 6th, 1999. Roche specializes in this area, and has been involved in the permitting of a large number of projects.

The Environmental Impact Study is based on the concept of using 55% of mill residues for paste back-fill and disposing of the remaining quantities at the St-Lawrence Columbian site where two existing open pits can be filled. The water balance indicates no effluents will be rejected. Residues consist of mostly calcite (70%) and **no** acid is generated. Environmentally speaking this is one of the friendliest mining projects in Canada.

MARKETING:

Distribution agreements have been signed with a company in Europe for 40% of NIOCAN's output as well as in Japan for 15%. The remaining production will be sold in North America and a distribution agreement has just been finalized to that effect.

NIOCAN received guarantees for 80% of its first and second year output; and 70% of its full capacity at year three.

SURFACE RIGHTS:

All lands required for the construction site and covering the deposits have been purchased within budget and NIOCAN is presently negotiating with the town of Oka on the acquisition of the surface rights of the St-Lawrence Columbian site, which are to be used for disposal of residues.

FINANCIAL HIGHLIGHTS:

The project has been costed at \$99 Millions. Operating costs are estimated as the second lowest amongst the three existing producers.

The I.R.R. of the project exceeds 16% on an after-tax basis and 100% equity. It can be improved through the purchase of reconditioned equipment and NIOCAN's management of the project.

The project was based on an average ore grades as opposed to mining higher grades ore at the beginning. This ensures flexibility to manage the operations according to market conditions. No assistance for infrastructure except a \$3 M credit for new mining company were considered in the evaluation.

The financial strength of the project is such that it can support a 60% to 70% debt financing which would result in better than 20% return on equity.

BY-PRODUCTS ECONOMIC POTENTIAL

The Met-Chem/SNC Lavalin feasibility study is based exclusively on niobium. The NIOCAN ore contains several by-products, namely: apatite, magnetite, rare earths, calcite; preliminary testing on some of them shows that they meet user's specifications. Their economic value will be evaluated as soon as the niobium production has begun; they could contribute significantly to NIOCAN income.

SCHEDULE:

NIOCAN inc. has deposited its Environmental Impact Study with the authorities at Municipal, Regional and Provincial levels. The process requires certain modifications in zoning by-laws at the municipal and regional levels before the Ministry of the Environment issues the Certificate of Authorization. This process is expected to take 6 to 8 months.

Project financing should begin in May 2000 once the first phase of permitting at municipal and regional levels is completed.

Niocan inc. is a mineral resources company, which owns a deposit of niobium with proven and probable reserves for a minimum of 15 years operation **with an estimated recoverable value of \$1.0 billion**. The company is focusing on the development of its project to produce ferroniobium in year 2002. Ferroniobium is used in the production of specialty alloys for aerospace, power turbines; and in high strength low alloy steel used in the automobile, construction and pipeline industries.

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