



November 26, 2004

Dear shareholders,

At our shareholders' annual general meeting (AGM) on May 12th, 2004, we informed you that, on May 11<sup>th</sup>, we met with the Minister of the Environment, who confirmed that the certificate of authorization (C.A.) would be issued as soon as the experts of the ministry declared they were satisfied with the company's commitments with respect to the ferroniobium complex in Oka. We had just signed off 22 pages of commitments. The ministry's professionals considered our request for the C.A. complete, and recommended that the CA be issued.

As you know, we had received positive reports from all regulatory agencies, including Quebec's agricultural land protection agency (CPTAQ), the administrative tribunal (TAQ), the Court of Québec, and Quebec's environmental review board (BAPE), which studied the impact of radioactivity. Five federal ministries declared that there were no elements that warranted their involvement.

In 2001, Niocan obtained its mining lease from the ministry of natural resources and the authorization for the sites of infrastructures and tailings disposal. In 2004, Niocan signed an agreement with the Oka municipality to acquire the two front lots at the St. Lawrence Columbian site for tailings disposal

### **One last procedure**

On November 15, 2004, the minister of the environment informed us that his decision to issue the CA last May still held, but that this last stage had to be imposed. Its aim is to have a better understanding of water on the Niocan site. The BAPE was mandated to conduct this study.

We expressed our exasperation to the minister about having to comply with an ever increasing number of requirements and having new delays imposed on us by his ministry over the last few years. The minister expressed the view that this ultimate stage will take care of opponents' questions and uncertainty with regard to the environmental integrity of the project. Further to discussions we have had with officials at the highest level, we feel confident that the CA will be issued when the BAPE (Québec's environmental review board) submits a satisfactory report in March of 2005 to the minister.

We believe we have an excellent project, in keeping with the philosophy of sustainable development that the government seems to have espoused.

Niobium consumption is increasing, and we hope to share with you the results we will achieve when we begin producing ferroniobium.

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## **Great Whale Iron Mine property**

In our third quarter MD&A report to September 30, 2004, which you can find filed on SEDAR's Web site, we informed you that Niocan acquired 100% of an iron property consisting of three deposits of magnetite grading 36% iron on average. The property extends over 8,665 acres.

It is located only 80 km inland from the Manitounuk Sound natural deep harbour on the south-east coast of Hudson Bay, near the Great Whale River.

Intensive exploration work, completed in the 1960s by the Little Long Lac (LLL) group included 92 drill cores, which delineated a resource of 942 million long tons.

A bulk sample of 28 tons was extracted from the "A" deposit for metallurgical tests at Lakefield. According to LLL, the resource can be exploited with a 0.38 to 1.0 waste to ore ratio and would produce an estimated 383 million tons of concentrate grading 67.1% Fe.

Mr. René Dufour, a mine engineer and chairman of Niocan, directed some studies for the exploitation of these resources in 1975-78.

There is now considerable interest for new sources of iron concentrates. The Great Whale deposits, considering their quality and location, have development potential and could supply various steel mills worldwide.

René Dufour,  
Chairman of the Board & CEO