

**NIOCAN INC.**

**ANNUAL INFORMATION FORM**

**2007**

**March 14, 2008**

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## **ITEM I CORPORATE STRUCTURE**

Niocan Inc. («Niocan») was incorporated on August 29, 1995, under the provisions of section IA of the Corporate Law (Quebec). Its registration was entered into the Registry of corporations on August 30, 1995, under the reference no. 1145010188. Its CUSIP number is 653917104.

The company's head-office is located at 60, Sainte-Sophie range, Oka (Québec), J0N 1E0 and its executive office is located at 2000, Peel Street, Suite 760, Montreal (Québec), H3A 2W5.

Niocan Inc. has no subsidiaries.

## **ITEM II GENERAL DEVELOPMENT OF THE BUSINESS**

### **1. CORPORATE HISTORY OVER THE LAST FOUR FISCAL YEARS**

In 1995, Niocan Inc. was incorporated as a mineral exploration company. In 1999, following development work, the company concluded that its Oka niobium property in Quebec had the mineral historical resources required for an economically viable project. Under the direction of Mr. Pierre Demers, eng., a project feasibility study was produced, in January 2000, by the MET-CHEM/SNC-Lavalin consortium, confirming the project's profitability at this time. This feasibility study was produced before the introduction of the NI 43-101, called Information relative to mining projects.

The Company cannot use the description ore reserve because the Year 2000 Feasibility Study has not been updated at the time of this information form.

Since then, the company has undertaken development work and project enhancements related to a proposed underground mine, the construction of a concentrator and a ferroniobium production facility to process the concentrates. A Quebec Ministry of the Environment Certificate of Authorization (CA) is required to proceed with any further development activities and the economic feasibility study revision.

The company is also planning exploration projects on other mining properties acquired since, with a view to convert these historical resources into mineral reserves essentially.

#### **1.1 2002**

In Niocan's quest for a CA for its Oka Ferroniobium Project, the year 2002 was taken up with hearings, first held by the Quebec Administrative Tribunal (TAQ), then by hearings undertaken by the Bureau des Audiences Publiques sur l'Environnement (BAPE).

Early in the year, the TAQ hearings reviewed objections, by various groups, to a positive judgement by the Agricultural Land Protection Commission (CPTAQ), which authorized Niocan to use 9.4 hectares of land for its mining operation infrastructure. These hearings were stretched out into August. One of the plaintiffs, the Kanasatake Mohawk Council withdrew from the hearings in July 2002.

In February 2002, Niocan held three days of 'open-house' in the Municipality of Oka. More than 450 people came to the event, and 224 of them handed the company their resumes, in anticipation of jobs at the new facility.

Five federal ministries, after analysis of the project's environmental impact study, expressed in writing, that they saw no substantive reason to get involved in an environmental assessment of the Oka Ferroniobium Project.

In April, the Quebec Minister of the Environment asked the BAPE to investigate the potential impact on the environment and on public safety of radioactivity linked to the proposed mining operation and the ferroniobium plant.

On October 21, 2002, Niocan subscribed with a financial institution, a private placement valued at \$520,000 in exchange for 800,000 common shares, at a price of \$0.65, and warrants to purchase 400,000 shares at \$0.80 and 400,000 shares at \$1.00 to be exercised 30 months from the date of the placement until April 21, 2005.

In October, the BAPE report on the radioactivity is made public. The Bureau informs the Quebec Ministry of the Environment that the environmental impact of the proposed Oka Ferroniobium Project is negligible and there should be no discernible effect on public health.

The public and business information campaign on the ecological integrity of the project begins to bear fruit.

A letter of understanding was signed with the Cistercian Abbey in Oka, allowing Niocan to hook up its operation's sewer to that of the Abbey. In 2006, this agreement was no longer required because of a design change.

## **1.2 2003**

Niocan cleared a significant number of steps, in 2003, towards obtaining its CA for the Oka Ferroniobium Project.

The most important of these was the 156 pages decision handed down from the Quebec Administrative Tribunal (TAQ), which on June 16, 2003, stated "the niobium mine operation poses no threat of contamination for the region or the agricultural activities of the area." On November 25, 2003, the Quebec Court rejected a request for appeal, by the Outaouais-Laurentides Union of Agricultural Producers, of the positive decision of the TAQ.

On November 2, 2003, the Oka municipal elections resulted in the re-election, by majority, of the Mayor and four councillors on his team that consider the mining project as an economic generator of prosperity for the municipality and the region. On December 2, 2003, the municipal council approved three resolutions required by the Ministry of the Environment, which included: 1) the sale of a part of the St. Lawrence Columbian property to be used as a tailings disposal site; 2) confirmation of the municipality's non-objection to an aqueduct and sewage hook-up to the municipal system; and 3) confirmation of the municipality's non-objection to the construction of a polishing pond for mine waters which would then be discharged into the Rousse creek.

On August 7, 2003, Niocan registered with the Municipality of Oka, an offer to purchase a section of the abandoned St. Lawrence Columbian site, which operated from 1960 to 1976. This was the first commercial niobium operation in the World. The two open pits on that site are an essential part of the Oka Ferroniobium Project. Forty-five percent of the project's mill tailings will be stored there, while the remaining 55% will be returned underground as paste backfill.

Discussions with the environment ministry's professional staff continued throughout the year. Numerous meetings were held and a mountain of documents was prepared to answer their questions. Everyone is of the opinion that no other mining or industrial project had ever been subjected to so many demands. Niocan's commitments to the Ministry of the Environment are contained in a document that is more than 22 pages. Niocan, put many of these commitments forward at the outset of the project in 2001 to the Agricultural Land Protection Commission. By the end of 2003, there was only one question left to discuss with the professionals at the Ministry of the Environment. That was the issue of the mine's groundwater, which had been the centre of discussion all along. Ministry officials asked Niocan to accept water quality standards that are far stricter than those they apply to other project.

### **1.3 2004**

The year 2004 began on a positive note with the exercising of warrants worth \$2,520,000, in exchange for 2,800,000 common shares.

Although the Ministry of the Environment has yet to award Niocan its CA, on April 27, 2004, the company signed a 22-page commitment requested by the professionals of the Ministry. This agreement was said to complete the environmental file for the Oka Ferroniobium Project and that the CA could now be awarded by the Minister. At a meeting on November 15, 2004, with the Minister of the Environment, he informed the company that he was requesting one last step prior to the awarding of a CA. The Minister asked the BAPE to provide more details on water, as it relates to the Oka mining project. In addition to this, he stated that the BAPE must present its report no later than March 31, 2005. The BAPE broadened its investigation and held public hearings from January 17th to January 20th, 2005, in the Municipality of Oka.

Niocan received from Revenue Canada a positive response to its request to have an exploration program qualify for a flow-through share plan.

Responding to the increased commercial value of iron concentrates and pellets, since the beginning of 2004, Niocan acquired, by staking, the mining rights on a group of 71 claims that cover three iron magnetite deposits. Deposit "A" involves 36 claims, deposit "D", 20 claims and deposit "E", 15 claims, for a total of 3,507 hectares.

According to a November 1960 report by consulting geologist, Lloyd M. Scofield, the three deposits total some 940 million tonnes of resources that could be mined by open pit. This could generate some 383 million tonnes of concentrate, with an iron and silica content of 67.1% and 5.5% respectively. One tonne of concentrate requires 2.46 tonnes of resources. The grade and quality of the Great Whale deposits compare well with other deposits around the world that are

currently in production. According to NI 43-101, these mineral resources are classified as historical resources in 2006.

The management considers these deposits as ideally located close to a source of hydroelectric power, as well as a nearby maritime shipping site on the south-east coast of Hudson's Bay.

#### **1.4 2005-2006-2007**

##### **Oka Niobium Mine Project**

The BAPE held public hearings on the Oka Ferroniobium Project at the Municipality of Oka town hall from January 17 to 20, 2005. These four days of public hearings were dedicated to answering questions related to the potential environmental impact of the proposed mining project on groundwater, aquifers and underground mine water pumped to the surface.

The company prepared a number of answers to the Bureau's questions and did table a report to the BAPE confirming the project's adherence to directive 019, as well as Niocan's signed commitments to the Ministry of the Environment. The company corrected a number of erroneous statements brought forward by participants at the public hearings.

On March 31, 2005, the BAPE turned over its findings and analysis report to the Minister of the Environment, as planned.

On May 16, 2005, the Quebec Minister of the Environment released the BAPE report to the public, along with a press release that, according to Niocan's Board, dwelled on a few negative aspects despite the preponderance of positive content in the report.

You will find in the 2005 Management Report – 3<sup>rd</sup> Quarter activities (available at **[www.sedar.com](http://www.sedar.com)**)- a brief of the discussions and interventions undertaken with the Ministry of Sustainable Development, Environment and Parks (MSDEP).

In September 2005, Golder & Associates were hired to review all of the hydrogeological studies to date and to propose a plan of action to respond to the questions raised by the MDDEP professionals. Golder is a world-renowned firm, specializing in soil, hydrogeology and environmental engineering. The proposal was reviewed by the Board and presented to the MSDEP. This led to a meeting with all of the professionals from the Ministry associated with the Oka project. The proposed program was favorably accepted. The main component of the program are pumping tests to collect the data required for a hydrological model of the area surrounding the proposed operation's main shaft. This work began on February 27, 2006, and were completed by August.

On September 25, 2006, the company officially registered the Golder Report, with the MSDEP. This exhaustive report is the result of in-situ tests to examine the potential effects that the mine will have on the underground water tables, in both the soil and the rock masses beneath the farms located along the Ste-Sophie concession road. Numerous working sessions were held with Ministry officials to discuss and agree upon the proposed mitigation measures, as well as the design and drawing changes to the hydrological model, based upon a 'worst-case' scenario. Niocan created a visual presentation summary of the Golder Report. It was extensively used to

provide information to the local farmers, the Oka Town Council, the Regional Council of elected leaders of the Laurentians, the Regional Union des Producteurs Agricoles (UPA) and the Ministries of Agriculture and Natural Resources. In addition to this, the company has opened a small information office on the Main Street in Oka. This office provides information to Oka and Kanasetake residents, on the hydrological study of 2005, the uses of niobium and information on the steps leading to the opening of the mine. Management is now confident that the Golder Report and the proposed mitigation measures answer all of the questions raised by the MSDEP and the BAPE in the Spring of 2005. The new technical data from this exhaustive study on area water compliments the 22 pages of commitments signed by Niocan, at the Ministry's request, in the Summer of 2004.

Year 2007 has been completely devoted to review and to adjust all the designs and drawings already submitted for the Oka niobium mine project according to the worse scenario that could affect the water tables during the projected 17 years of exploitation. The company has hired an executive secretary and two experienced mining engineers, one being the former Niobec's niobium mine manager. This new team was assisted by a lawyer, well known and credited by the MSDEP to help advancing the exchanges of documents with the Ministry's professionals. Niocan was successful, despite the high mining activities in Québec, to mobilize three large engineering firms to design and to sign the documents requested by the MSDEP. During these revisions, some new requests were added by the Ministry, such as the temperature control of the water discharge in the nearby creek, new more stringent norms for the fluorine content in the tailing slurry and a large irrigation water reservoir to feed the local farmers ponds in case the underground mine dries out their lands, etc... Everything to get the most ecological mine in the world!

### **The Great Whale Iron Property (GWIP)**

On February 10, 2004, Niocan acquired 100% of a property with three deposits of magnetite with an average 36.4% Fe content. The property, covering 8,665 acres, is located 80 km inland from Manitousuk Sound, a deep water natural harbour located on the south-east coast of Hudson's Bay, not far from the Great Whale River. Extensive exploration work, completed in the 1960s by the Little Long Lac (LLL) group of companies, included 92 drill holes which identified an estimated 940 million tonnes of resources, now classified as historical resources, as per NI 43-101.

A bulk sample of 25 tonnes was extracted for metallurgical testing at Lakefield Research Lab. According to results published by LLL, the historical resources could be exploited with a waste/ore ratio of 0.38, to produce 383 million tonnes of concentrate with a grade of 67.1% Fe. Mr. René Dufour, mining engineer and a former Director of Niocan, directed various studies, from 1975 to 1978, to define the mining potential of the project at Great Whale Iron Property.

A promotional brochure on this property, was withdrawn from public circulation in 2006, because it did not conform to NI 43-101.

In February 2006, the mining claims on the property were renewed for two years and extended from 8,665 acres to 17,098 acres. It was the intention of the Board of Directors to consider transferring a large portion of the property to a new company, within which current NIOCAN shareholders could purchase shares in a proportion relative to those they already hold at the time

of the transaction. An initial public offering (IPO) would have followed. The capital raised would have funded the work required for a pre-feasibility study.

Following a number of discussions with major mining companies, Niocan has decided to delay the spin-off of this iron property until more value is added. This prompted our move to confirm the historical resources by Met-Chem in August, 2006, as per NI 43-101. The Met-Chem report was used to interest some potential mining groups partnership. A few questions remain to be answered for potential partners, including those related to the short maritime shipping season and more recent metallurgical tests; but during the last three months of 2007, probably because of the high price for iron ore all around the world, the company has received three offers for partnership in the GWIP.

The company has renewed the payment of the mining claims on 17,098 acres extensively covering the three mineralized deposits and also the statutory works to the Ministry of Natural Resources and Forest (MRNF) of the province of Quebec.

### **James Bay Niobium Property**

In 2003, the Company signed an agreement, subject to the due diligence, the outcome of which could be the transfer of 100% of the mining rights on a niobium property located on the Ontario side of James Bay. Before issuing shares for its acquisition, NIOCAN had intended to carry out a drilling campaign to confirm the existence of any additional resources above the current 17,000,000 tonnes of historical mineral resources.

This property is held under a mining lease. Discovered in the 1960s, extensive exploration work was carried out on the property. This included 86 exploration drill holes, totaling 47,675 feet, and the sinking of a shaft, allowing the extraction of a 250-tonne bulk sample for metallurgical testing in a pilot plant.

The Ontario Ministry of Northern Development and Mines confirmed, in January 2006, the ownership of the mining lease that includes the James Bay niobium deposit. Niocan did not renew the 2003 Agreement when it became due on November 1, 2006, but the company has been actively negotiating with one of the three owners of the mining rights to acquire a large portion of this niobium property before considering a new Agreement in 2007. These negotiations aborted late in 2007

### **1.5 2008 Current Year**

The designs and drawings of the Oka niobium mine and mills were completed by the Niocan's Engineering consultants (Met-Chem, Roche, BSA) and the official delivery to the MSDEP satisfaction on February 7. The long list of the company's commitments towards the Ministry was also adjusted by our legal advisor, Me Odette Nadon (Lapointe Rosenstein). Now, the company is asking the Commission de Protection du Territoire Agricole du Québec (CPTAQ) for a small extension of green zoning adjacent to the mill site to locate the irrigation water reservoir that could be needed during the projected 17 years mine life in case the nearby farmers' ponds dry out because of the underground mine dewatering. The management does not think such request to the CPTAQ should delay the CA from the MSDEP.



The Great whale iron ore property seems more and more attractive since the recent announcements of two new iron ore mine in Labrador and Nunavit. The company is quite active in negotiating an agreement with terms and conditions with one senior and dependable mining group. The company wants a partner capable to put values on this mineral property as soon as possible in the shareholders' interests.

Meanwhile, waiting for the Oka niobium mine Certificate of Operation, the management multiplies the contacts with the political community, some governmental ministries and also with the Mohawk Council of Kanasetake.

## **2. MAJOR ACQUISITIONS**

Except for the increased number of claims on the Great Whale property, the company has made no other significant acquisition.

## **3. TRENDS**

In 2007, the corporation has continued to pursue its development objectives and increase the value of its shares by growing the net value of its assets through a number of strategies:

- a) Secure the CA for the Oka Ferroniobium Project.
  - Management believes that the work undertaken by Golder & Associates has answered the questions put forth by the professionals at the MSDEP and that the Certificate of Authorization should be granted as soon as the revised design and drawing are approved by the Ministry's professionals. The final documents were delivered to the MSDEP on February 7, 2008.
- b) Maximize the value of its other mining projects.
  - Securing the environmental CA is essential to moving forward with the financing of the Oka Ferroniobium Project, a project that will significantly add to the value of this asset;
  - Draft a new agreement to acquire the mining rights of the James Bay Niobium Project in 2007, before the exploration program to increase the historical resources. Such objective is always pertinent for 2008;
  - Enhance the Great Whale Iron Project development prospects through long-term partnership agreements with key industry players, particularly now that the iron ore prices are high.

## **ITEM III PROJECT DESCRIPTION**

### **1. OKA FERRONIOBIUM PROJECT**

Note: This information is sourced from the feasibility study report on Oka Ferroniobium Project, from an executive summary produced by the company on the project and from a project

presentation made by Mr. René Dufour (former Niocan CEO) at the Canadian Institute of Mining and Metallurgy («CIM») annual meeting held in Montreal in May 2003.

### **1.1 Project location and description**

The Oka Ferroniobium Project is located in the parishes of l'Annonciation and St-Joseph-du-Lac, some 50 km north-west of Montreal and 10 km from Highway 640. Access to the property is via a paved road– either the Sainte-Sophie Road, which crosses the property, or by Highway 344. The mining property is made up of 33 claims. A Hydro-Quebec sub-station, located some 2 km east of the property, would supply electricity.

### **1.2 The History**

The property was acquired on November 10, 1993, through a notarised act from Quebec Columbian (Kennecott Copper) to Mr. René Dufour and Mr. Alain Robin, both company directors until May 2006. In exchange, both committed to take on all of the responsibilities related to the Niocan property mining claims. Mr. Dufour held the position of Niocan Chairman and Chief Executive Officer, until 2005.

As per a September 8, 1995, contract, the company acquired from René Dufour and Alain Robin a 100% interest in the Niocan property. This was in exchange for the issuance of 2,000,000 new escrowed common shares of the company.

### **1.3 Geological context**

Prospecting in the Oka region began in the mid-1950s, specifically for uranium. Radioactive outcrops were found in the Trappe region. The early work in that region identified thorium, and to a lesser extent, uranium, as the principal source of radioactivity in the sector. Both were contained in pyrochlore, the host mineral for niobium. No commercially viable uranium mineralization, even as a by-product, was found in the Oka complex. Its average radioactivity is 4 to 5 times higher than the region's gneiss background level. Nevertheless, radioactivity is an efficient indicator of zones that are rich in pyrochlore and was used extensively in prospecting the area from 1955 to 1965. While the search was for uranium, the discovery was niobium, a metal when combined with steel, makes an important contribution towards reaching Canada's Kyoto Protocol commitments.

In 1953, the American company, Molybdenum Corporation of America (Molycorp) claimed close to 8,000 acres of land and undertook land-based and aerial geophysical surveys of the area. The surveys identified a large anomaly within the current Niocan property. This triggered extensive exploration work on the property with:

- 33,000 metres of diamond drilling
- trenching
- bulk sampling for metallurgical testing
- a preliminary assessment of earnings potential

This work outlined two mineral zones HWM-1 and HWM-2.

It is interesting to note that the Oka property has had a mining history for some 50 years well before the introduction of the Quebec agricultural zoning law.

In 1960, the St-Lawrence Columbian and Metal Corporation (SLC) began operating an open-pit niobium mine, subsequently, sinking a shaft to the 750 metre level to continue underground operations, until its closure in 1976. This was the first commercial niobium operation, which in effect launched the use of niobium principally as a steel alloy.

Somewhat around the same time, a Brazilian company, CBMM, began operating on its Araxa niobium property, of which Molycorp has a 45% stake. There are now two niobium producers in Brazil, accounting for 85% of world output, and a third producer in Quebec. A producing mine by Niocan would make it the fourth producer in a market that is in full growth sustained by the growth in world steel output.

In 1993-94, the Rio Tinto Company of London acquired Kennecott Copper and after reviewing its global portfolio of mining properties, concluded that niobium would not be part of its long-term strategic development plans.

#### **1.4 Exploration Work**

Quebec Columbian discovered mineralized zones following a series of drilling campaigns between 1955 and 1961. Three sub-parallel zones, called HWM-1, HWM-2 and HWM-3 were identified, and one of them, HWM-3, was renamed S-60. The HWM-2 and the S-60 are the two deposits that Niocan undertook to explore between 1995 and 1997.

The first diamond drilling program, in 1995, defined the potential of the S-60 deposit. This deposit was of a type that was not yet known in the Oka complex. This deposit has a grade 50% higher than the ore body mined by SLC.

A second drilling program was undertaken in 1996-97. In all, the S-60 deposit was intersected by 44 drill holes to a depth of 500 metres, on a grid with sections at 15 metre intervals. This is a massive and compact deposit. The rock is of excellent quality, as verified by the drill core samples and the RQD standards (Rock Quality Designation). The recovery of the core is 100% and the RQD is generally higher than 90%.

#### **1.5 Mineralization**

##### ***S-60 Deposit***

The S-60 deposit is cylindrical in shape with a diameter of approximately 150 by 100 metres, with two or three lenticular extensions. These lenses sometimes join to form a single lens. The deposit extends over more than 400 metres vertically and it remains open at depth. The lateral extensions have yet to be determined. Unlike the two mineralized zones HWM-1 and HWM-2, which are concordant and sub-parallel, S-60 seems to be more discordant and more recent. The

mineralized facies are principally made up of magnetite skarn (51% of the intersections) and forsterite sovites (20% of the intersections).

A total of 44 drill holes intercepted the S-60 deposit. These were distributed over 9 sections, distanced 15 metres apart, with two to seven drill holes per section. A total of 6,524 metres of samples were collected. The weighted grade of the samples is 0.691% Nb<sub>2</sub>O<sub>5</sub> calculated with a cut-off grade of 0.50% Nb<sub>2</sub>O<sub>5</sub>. This deposit alone represents three quarters of the mineralized resource.

### ***HWM-2 Zone***

The HWM-2 zone has been verified at over 600 metres in length and its thickness varies from 10 to 40 metres. The zone is known to be over 350 metres vertically and remains open in depth. Although there is mineralization for over 600 metres horizontally, the resources were evaluated over a 330 metre distance only.

Mineralization is present in the form of sovite forsterite-diopside-magnetite. A total of 25 drill holes intercepted the HWM-2 deposit. Inside the central section, which is more clearly defined, the drill holes are distributed over 13 sections, spaced at regular intervals, with one to three holes per section. Outside of this central section, a few drill holes point to lateral extensions of the mineralized zone.

The samples, totalling 84.5 metres, were taken in the central portion of the HWM-2 zone and the weighted grade of the samples was 0.58% Nb<sub>2</sub>O<sub>5</sub>.

## **1.6 Sampling and analysis**

The drill core collected over the two drilling programs yielded 3,948 samples, representing a total of 19,566 metres. The length of the samples varies from 3 to 6 metres, averaging 5 metres. Lithological changes or significant variations in pyrochlore content determined the depths of the drill holes.

The core samples were split in two, with one half sent to the laboratory and the other stored as a reference. The crushing and pulverizing of the cores for analysis was carried out by Metriclub to obtain 100 gr. samples with particles that were less than 50 microns. The samples were sent to the Centre de recherche minérale du Québec (CRM, now COREM) in Quebec, for fluorescence-X analysis for 19 elements, including Nb<sub>2</sub>O<sub>5</sub>, P<sub>2</sub>O<sub>5</sub> and Fe<sub>2</sub>O<sub>3</sub>, as well as charge loss.

## **1.7 Sample security**

To verify the accuracy of the analysis done by CRM, Niocan undertook a second analysis of 40 samples. These samples were initially re-analysed by CRM and a double of each sample was sent to two independent laboratories- XRAL and Bondar-Clegg.

The variance in analysis between all of the labs was 0.02% of niobium. This confirms that the fluorescence-X analysis, used by CRM, is accurate and that these analysis values can be used for the calculation of resources and reserves.

## 1.8 Mineral resource and mineral reserve estimates

The resources were calculated on the S-60 and HWM-2 deposits only.

Thirty-eight (38) density tests were conducted on the drill core, indicating a density of 3.0 to 3.2 for the S-60 deposit and a density of 2.8 for the HWM-2 deposit.

The reserves of the S-60 deposit were calculated to a drilled depth of 500 metres, and the HWM-2 deposit to a depth of 350 metres. These were calculated by consulting engineer/geologist, Serge Lavoie, using the section method. The S-60 deposit, whose sections are spaced 15 metres apart, were also calculated using the geostatic method, by Professor Denis Marcotte, PhD., who confirmed the results of the section method. Geologists of the MET-CHEM/SNC-Lavalin consortium, responsible for the project's feasibility study, verified the reserves. These reserves are now classified as historical resources according to NI 43-101, until a new feasibility study is done.

### HISTORICAL RESOURCES (Millions of tonnes, Cut-off grade 0.50%)

Deposit	Measured	Indicated	*Grade Nb <sub>2</sub> O <sub>5</sub> (%)
S-60*	7.63	3.11	0.66
HWM-2	1.32	2.22	0.56

\*S-60 deposit average grade of magnetite (Fe<sub>2</sub>O<sub>3</sub>) is 9% and 4,5% in P<sub>2</sub>O<sub>5</sub>

## 2. EXPLORATION AND DEVELOPMENT

### 2.1 James Bay Niobium Project

The company signed an agreement, on June 11, 2003, for the acquisition of 100% of a niobium property in north-eastern Ontario (James Bay Project).

In 2003, Niocan signed an agreement with Barrick Gold Corp., James Bay Columbian and Exall Resources, for the acquisition of 100% of the mining rights on a niobium property located some 50 km south of Moosonee. In return, Niocan has committed to issue 3,333,333 common shares and 1,294,444 warrants, all subject to due diligence.

A study of the property points to the need for a first drilling campaign of \$1 million to increase the historical resources base of 17,000,000 tonnes to 20 million tonnes– the volume of ore required to warrant a pre-feasibility study, according to Management and the consulting geologist, Serge Lavoie, a qualified person according to NI 43-101. Niocan also concluded that a good quality access road from the south is required, the cost of which would be borne by some third party. A forestry company currently holds the cutting rights in the southern part of the territory. At a meeting with this company, it appears that such a route could be built over the next

10 years, if an agreement could be reached with the Moose Cree community based upon the sharing of cutting rights on the northern section of the territory.

Two meetings were held with the Council and the community of Moose Cree First Nation to discuss the construction of an access route. The community must communicate its intentions relative to this route, which would open up their community, promote economic development and create jobs.

Given the many steps involved before a pre-feasibility study can begin, Niocan received an extension to November 1, 2004. Niocan received a second extension of 24 months, given that the title to the mining claims was not clear and that discussions were ongoing between James Bay Columbian, holding management rights, and the Ontario Ministry of Northern Development and Mines. This issue was resolved early in 2006 and Niocan could look towards raising the required capital to undertake a diamond drilling program to raise the level of resources to 20M tonnes; tonnage that Management considers to be necessary to undertake a pre-feasibility study. Niocan would have sought the support of the Moose Cree community before proceeding with the exploration program.

On November 1, 2006, Niocan did not renew the Agreement, when it came due, but the company has pursued negotiations in 2007 with one of the owners of the rights to acquire a large portion of this niobium property, before planning more exploration work. Late in 2007, the negotiations aborted but the company will continue to try to position itself on this property in order to evaluate its economic potential.

## **2.2 Great Whale Iron Project**

Spurred by the rise in market values of iron concentrates and pellets, since the beginning of 2004, Niocan acquired, through staking, the mining rights on a group of 71 claims covering three iron magnetite deposits. The “A” deposit is made up of 36 claims, the “D” deposit of 20 claims and the “E” deposit of 15 claims, representing a total of 3,507 hectares. The company has doubled the number of claims in 2006 in order to add possibilities for mineralized extensions.

The property is located a few kilometres south of the Great Whale River. The “A” deposit is located 65 km east of the villages of Kuujjuarapik and Whapmagoostui, on the shores of Hudson Bay, while deposit “D” and “E” are located 20 km east and 40 km south-east of deposit «A» respectively.

### ***History***

The first exploration work on the property dates back to 1958 and was carried out by Little Long Lac Limited. From 1958 to 1960, the company undertook a 17,000-metre drilling program (AX), of which 11,000 metres were on the “A” deposit and 3,000 metres were done on each of the other two deposits.

Metallurgical testing was done from composite samples obtained from the drill core intersects, as well as a bulk sample of 25 tonnes taken from deposit “A”.

A number of studies were undertaken by independent consulting engineers on hydro-electric generation, the construction of a rail line to Hudson Bay and the construction of a deep-water port in Manitounuk Bay, located 20 km north-east of the villages of Kuujjuarapik and Whapmagoostui, which could accommodate 200,000 tonne cargo vessels.

### ***Geological Context***

The three deposits and the associated rocks are located in separate enclaves within a large series of granite and gneiss formations. These are characteristic of the Huronian arch, which stretches from Labrador to the western shores of Hudson Bay.

The “A” deposit is 5.5 km in length and varies in width from 90 m to 900 m.. The deposit was drilled to a depth of 100 m; however, mineralization continues much deeper. The “D” deposit is smaller, with a diameter of approximately 1.6 km. The “E” deposit has a diameter of 1.3 km.

According to the reports of consulting geologist, Lloyd M. Scofield, the three deposits total close to 940 million tonnes of resources that could be mined by open pit, which would generate some 383 million tonnes of concentrate, with an iron and silica content of 67.1% and 5.5% respectively. One tonne of concentrate requires 2.46 tonnes of resources. The grade and the quality of the Great Whale deposits are comparable to other deposits around the world that are currently in production.

Niocan and Met-Chem geologists have visited the iron ore property in July and August 2006. On August 31, 2006, Met-Chem produced a technical report, as per NI 43-101, confirming the historical resources of this deposit, located some 125 km North of Radisson, on the Inuit Territory of Class III. Niocan is seeking a partner to help finance a pre-feasibility study, as soon as possible.

### ***Shipping Concentrates***

Shipping iron pellets is not an issue. There are two alternatives: by rail or by ship. The open-water shipping season is 5 months via the Hudson Strait- ample time to ship out the 10 Mt production to international markets. A study of a rail transportation link to the mouth of the Saguenay River was completed under the direction of M. René Dufour, P.Eng., in 1975-78.

## **3. OTHER ASPECTS OF THE PROJECT**

### **3.1 Government regulation**

In Canada, the mining industry is subject to both federal and provincial legislation. All mining or processing activity must abide by the current environmental legislation.

Infractions of the law can lead to legal action that could interrupt, slow down or even force the installation of additional equipment. Niocan could be forced to compensate individuals that suffered losses or damages related to mining operations and could even see itself criminally charged if convicted of an infraction.

Niocan is confident that in all aspects, its Oka Ferroniobium Project is well within the Canadian laws, regulations and administrative norms currently in place, or anticipated.

### **3.2 Environmental commitments**

ROCHE Ltée, under the direction of André Vachon, eng., deposited the project's environmental impact assessment in October 2000. This is the first time in Quebec that a tailings park is laid out in such a way that an orphaned mine property could be restored.

From the outset, even before the feasibility study was started, the company directors were aware of the importance of agriculture in the region and had made the decision that the project must be an underground operation this, despite the fact that the deposit is close to the surface and could easily be accessed through an open pit mine. By choosing an underground operation, we minimize all impacts on the sector:

- The site can be returned to agriculture at the end of the operation;
- We eliminate the noise related to blasting and noisy equipment, since it will be set up underground;
- Dust is eliminated;
- Truck haulage of ores is eliminated;

In its positive decision authorizing the use of 9.2 hectares of land, of which only 6.2 hectares are agricultural land, for the mining complex's infrastructure, the Agricultural Land Protection Commission (CPTAQ) took into consideration a number of factors, including:

- The highly ecological nature of the project;
- The fact that this property had a long history of mining activity, prior to Niocan's acquisition, dating back to 1953, when it was held by an American company— long before the agricultural zoning laws;
- Niocan's commitment, in 1995, to create a follow-up committee where the agricultural producers, the representatives of the UPA and the municipality would be represented;
- Decontamination of the St. Lawrence Columbian site, with the removal of all of the radioactive slag left behind when it closed in 1976;
- Restoration of the SLC site and its transfer to the municipality at the end of operations;
- Construction of a 2.2 km aqueduct along the Ste-Sophie road, and longer if necessary, to supply farmers with drinking water, water for their greenhouses and the washing of their produce;
- The ecological conscience of the Board of Directors;

In its offer to purchase the SLC property from the Municipality of Oka, Niocan committed itself to:

- Take over the \$200,000 lien held by the Ministry of Natural Resources for money it has spent to render the site safe;



- To remove some 10,000 tonnes of radioactive slag left behind by SLC from the back of the property, and to store it underground in an empty stope of the S-60 deposit, saving the municipality and the Ministry of Natural Resources \$1.5 million for their removal.

The brooks and ponds used for irrigation purposes by the fruit and vegetable producers were not affected by the SLC operations. This will be no different with Niocan's operation. Since Niocan's underground operations are ten times smaller in volume than SLC's, the zone where wells that are located in bedrock could be affected by the mining operation, is substantially smaller.

To guarantee every producer an adequate supply of water, Niocan will, at its own expense, extend the municipality's drinking water aqueduct along the Ste-Sophie road, from the beginning of operations and will build a 50 000 m<sup>3</sup> irrigation water reservoir to fill the farmers' ponds in case the mine dewatering does impact their lands.

Underground water pumped out of the mine will be decanted before being released into the Rouse stream, upstream of any farm.

On April 8, 2002, the Minister of the Environment mandated the BAPE to investigate the effects on the environment and public health of radioactivity resulting from the proposed mine operation and the accompanying mill complex. Following an exhaustive inquiry, the BAPE concluded on October 28, 2002, that:

*“Given that the levels of radioactivity released from the project would be small relative to the levels of radioactivity naturally occurring in the region, the Commission concludes that the environmental impact associated with the proposed project is negligible and that no adverse effect on public health should be noticed.”*

The concept behind the Niocan mine operation using a tailings paste backfill method, along with the underground storage of slag resulting from the transformation of pyrochlore into ferroniobium, would ensure that the project will have a minimal impact on local agriculture.

In November 2004, the Minister of the Environment requested the BAPE to obtain more information on the project's impact on the sector's water resource. The BAPE turned its report and findings over to the Minister on March 31, 2005.

In September 2005, Golder & Associates were hired to review all of the hydrogeological studies to date and to propose a plan of action to respond to the questions raised by the MSDEP professionals. Golder is a world-renowned firm, specializing in soil, hydrogeology and environmental engineering. The proposal was reviewed by the Board and presented to the MSDEP. This led to a meeting with all of the professionals from the Ministry associated with the Oka project. The proposed program was favorably accepted. The main component of the program was a series of pumping tests to collect the data required for a hydrogeological model of the area surrounding the proposed operation's main shaft. This work began on February 27, 2006, and was completed by August.

The Golder Report was officially delivered to the MSDEP on September 25, 2006. Since that time, Niocan has been actively reviewing its design and the drawings of the mine project for the

Ministry's approval, and ultimately to receive its Certificate of Authorization. Likewise, the company's commitments, required by the Ministry, have been adapted to reflect the results of the Golder Report on water.

#### **4. RISK FACTORS**

Due to the very nature of its activities, the company is exposed to a number of risks, both financial and political, as well as those incurred in the normal course of business. These risks could have a major impact on profitability and sources of capital. The company assesses these risks on an ongoing basis and tries to minimize these by basing its development plans on the highest standards possible and on existing legislation, all the while considering the impact of future legislation. The company is cautious in its approach to design and infrastructure planning by relying only on reputable engineering firms, well-known specialists, hiring competent personnel and by seeking independent verifications.

##### **4.1 Mining industry and mining projects**

With respect to mining exploration and development, there are no antecedents to base operating cost estimates and future capital requirements. We must often count on a certain number of years and commit to significant expenditures leading up to an operation's production start-up. Development projects require a conclusive feasibility study, securing the required government permits and investment capital. The profitability of development projects is linked to a number of factors, such as estimated reserves, metal recovery rates, the future price of metal, infrastructure costs and operating expenses.

Mineral deposit exploration and development carry inherent financial risks that even prudent evaluation, experience and know-how cannot eliminate. Even though a new deposit promises significant rewards, few properties that undertake extensive exploration work are developed. In fact, a mine must generate significant revenue to compensate for the expenses incurred for the exploration and development phase of a project. This includes the cost of drilling to establish the reserves, establish the metallurgical process, build the required facilities and process the ore. Once underway, it is impossible to determine if the ongoing exploration and development work will be sufficient to replace the mined reserves with new ones.

The company owns mining properties and is exposed to all of the risks associated with the mining sector. This includes metal price fluctuations, the costs associated with facility construction, mining, processing and converting the product, energy, water supply, access to the property, unforeseen transportation costs, delays, equipment breakdown, changes in regulations (including pricing, royalties, rights, taxes, production restrictions, mineral exportation contingencies, as well as the costs related to environmental and agricultural land protection), as well as workplace injuries and labour disruptions.

Any one of these factors could have significantly negative repercussions on the project, with ramifications on the company's business, its financials, its operation and its cash position. In its day-to-day operations, the company is also exposed to risks associated with mining operations. These include drilling, blasting, extracting and processing, which all carry risks and dangers. These might also include environmental risks, such as spills of pollutants or dangerous

chemicals, or unanticipated mineral tonnage that needs to be processed, unusual or unanticipated geological or geotechnical formations, slope shifts, tremors, tunnel collapses, dike collapses and fire, as well as natural phenomenon and catastrophes such as bad weather, floods, earthquakes, or other events.

Any number of these events could result in damage to the mine, the converting facilities, including their destruction. It could also result in injury or death, environmental damage, delays in production, financial losses and the possibility of legal recourse. Niocan could be held responsible for polluting and other losses, and could be refused full risk insurance, or might only be able to obtain partial coverage, due to extremely high insurance rates or other reasons. These factors could result in delays in production, increased production costs, or increased exposure to liability. A settlement resulting from a lawsuit could result in a negative financial situation for Niocan.

## **4.2 Competition**

Once Oka niobium project is in production, Niocan would become the fourth niobium producer in the world. The company would compete on world markets with the three producers, for the operation's output. Two producers are located in Brazil. One of these, Companhia Brasilia de Metalurgia e Mineração («CBMM») is the largest producer of ferroniobium in the world, with a market share exceeding 70%. The second largest is Mineração Catalão, part of the Anglo American PLC group. It has an output similar to the third player, Niobec Mine, located in Quebec, which is a property held by Iamgold of Toronto.

## **4.3 Compliance with Environmental Regulations**

The Canadian mining industry is subject to the environmental laws enacted by the federal and provincial governments. This legislation sets high standards for the mining sector, in order to reduce or eliminate waste material from the mine or converting operations that might enter the water system or be released into the atmosphere. Consequently, mining, drilling, refining and concentrating are subject to restrictions under the law. Furthermore, the construction and commercial operation of a mine means compliance with applicable legislation for all matters that are environmental, adoption of all regulatory revisions, as well as taking all steps to obtain the various permits from the appropriate authorities.

The company prepares that its projects with the greatest respect for all of the laws and regulations related to its proposed activities. These said changes to government regulations could impact the profitability of the proposed projects.

## **4.4 Permits, Licenses and Approvals**

The corporation's activities require permits and licences from a number of government authorities. Amendments to regulations could affect these permits and licences. There are no guarantees that the company could obtain all of the licences and permits required to pursue its mining activities, develop a mine or concentrator and begin to operations on its properties. Furthermore, should the company begin operations, it will need to secure the appropriate licences and permits, and comply with the terms of these, as it pertains to manufacturing, water use, waste

material on the ground, in the air and in water, waste removal, spills, the abandonment of property, restoration of sites and financial guarantees. There are no guarantees that the corporation can obtain these licences and permits, nor that it can adhere to the conditions therein attached.

#### **4.5 Land Titles**

While the corporation has taken reasonable precaution to ensure that the titles to its properties are valid, there are no assurances that any title to these properties will not be challenged or questioned. Third parties could have valid claims related to certain clauses in the company's title.

#### **4.6 Additional Financing**

Additional financing will be required. The future funds available to the corporation would be through debt or equity financing. There is no assurance that this financing will be available to the company. Furthermore, even if this financing is made available to the company, there is no assurance that the terms of the financing will not be advantageous to the company, nor will it be sufficient for the company to reach its objectives. This could have a negative impact on the company's activities and its financial situation.

All future financing could result in a dilution of the value of the current shareholders' investment.

The company's activities could, at any moment, be interrupted due to a lack of funds required to undertake additional work that might be imposed.

#### **4.7 Management Dependence**

The corporation is dependent upon certain members of its management. The loss of their services could have a serious impact on the company. Investors must trust the company's management, and those not willing to do so, should not invest in the company.

Management of the corporation depends on a reliance on a few key individuals, the loss of which could negatively impact the company's activities.

#### **4.8 Conflicts of Interest**

Some Directors of the company are also Directors of corporations in the natural resources sector. This could lead to conflicts of interest. All corporate decisions taken by these Directors must be done according to their duties and obligations to deal in an equitable fashion and in good faith relative to Niocan and its subsidiaries. Furthermore, these Directors must reveal their positions and refrain from voting on any item where a conflict of interest is possible.

#### **4.9 Marketing**

Mineral marketing is subject to a number of factors upon which the corporation has no control. These factors include market fluctuations, government regulations relative to price, taxes,

commissions, quotas, imports and exports. These factors cannot be measured in any precise manner.

#### **4.10 Risks of litigation**

The corporation could be liable for polluting or other risks for which it can not be insured for, or for which it chose not to insure due to the high cost of insurance or any other reason. The settlements incurred in this regard could result in losses of corporate assets.

#### **4.11 Land Claims**

The whole territory of the region of Oka (Seigneurie des Deux-Montagnes) is under native land claims by the Mohawks of Kanasetake. Niocan's niobium property is not on the Kanasetake's actual land, but it is public knowledge that this land is part of the native claims to the Government of Canada.

### **ITEM IV CONSOLIDATED FINANCIAL REPORTING**

For each of the last five fiscal years

	Periods ending December 31 (in ,000 CDN\$ other than figures for shares)				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Total income	52,665	72,856	68,975	55,672	-
Net income (net loss)	(670,874)	(312,602)	(571,527)	(545,493)	(358,072)
Earnings (loss) per share basic and fully diluted	(0.04)	(0.02)	(0.03)	(0.03)	(0.02)
Total assets	7,219,139	7,460,223	7,704,857	8,189,057	6,079,533
Cash and cash equivalents At the end of period	1,137,770	1,360,638	1,981,048	2,590,203	619,519
Shareholders' equity	7,144,653	7,380,747	7,638,149	8,158,086	6,049,279

### **ITEM V CAPITAL STRUCTURE**

The corporation's authorized capital stock is made up of an unlimited number of common shares without nominal value, of which 18,933,833 are issued or in circulation, at March 14, 2008. Each common share confers upon the bearer the right to vote at all shareholders' meetings, to receive

all dividends associated with this class of shares as declared by the corporation, and upon the dissolution of the corporation, the bearer is entitled to receive, along with other shareholders, a share of the corporation's assets, proportional to his/her holdings.

## **ITEM VI MANAGEMENT REPORT**

All of the required information can be found under the Item "Management Discussion and Analysis", which is included in the company's 2006 Annual Report, ending on December 31, 2007. This document is available on the SEDAR web site ([www.sedar.com](http://www.sedar.com))

## **ITEM VII SECURITIES EXCHANGE**

Since its listing in 1997, until December 7, 1999, the common shares of Niocan were traded on the Montreal Stock Exchange. Subsequent to the restructuring of the Canadian exchanges, the shares are traded on the Toronto Stock Exchange, under the symbol 'NIO'.

The chart below represents the variations in the stock price during 2007.

### **NIOCAN SHARE VALUES (NIO) TSX Stock Exchange**



## **ITEM VIII REGISTRAR AND TRANSFER AGENT**

Niocan has retained the services of Computershare Trust Company of Canada as its registrar and transfer agent for common shares. This company maintains, on a year-round basis, the shareholder register at its offices located at the following addresses:

Computershare Trust Company of Canada  
100, University Avenue  
8<sup>th</sup> Floor  
Toronto ON  
M5J 2Y1

Société de Fiducie Computershare du Canada  
1500, rue Université  
bureau 700  
Montréal QC  
H3A 3S8

## **ITEM IX PROMOTERS**

Terence Ortlund and Bernard Coulombe are considered to be the promoters of corporation due to their involvement in the company and their management role.

## **ITEM X LITIGATION**

The company has been named a defendant in a legal action claiming damages in the amount of \$172,000 from a consultant in 2005. Management is of the opinion that there is a strong defence against the claim.

## **ITEM XI MANAGEMENT AND OTHER KEY INDIVIDUALS INTERESTED IN THE OPERATIONS**

In 1996, René Dufour and Alain Robin each received 1,000,000 escrowed common shares for a total of 2,000,000 common shares, all discharged since July 15, 2004, in exchange for the transfer of the Oka property to Niocan. Mr. Dufour and Mr. Robin are no longer Directors of the company since May 18, 2006.

## **ITEM XII IMPORTANT CONTRACTS**

Over the fiscal years ending prior to December 31, 2007, the corporation entered into the following contracts:

### **1.1 Oka Ferroniobium Project**

On February 2, 2004, the corporation signed a commitment to purchase from the Municipality of Oka, the St. Lawrence Columbiun site for the sum of \$200,000. A \$40,000 non-refundable deposit was paid at the signature of the agreement and \$160,000 will be paid when the construction work will begin and at the latest on December 31, 2007. The company has renewed the agreement to June 30, 2008. The company has also committed to clean and restore an

adjacent site. The acquisition is conditional upon receiving all permits, certificates and other authorizations from the Quebec Ministry of the Environment for the Oka Ferroniobium Project.

## 1.2 The James Bay Niobium Project

The corporation had entered into an agreement to issue 3,333,333 shares and 1,294,444 warrants, as well as undertaking certain exploration work, in order to purchase a mining property, conditional upon due diligence. The company had secured an extension to the agreement (See the Item “Exploration and Development- The James Bay Niobium Project”), but has not renewed it when it became due, on November 1, 2006.

## 1.3 Administrative Offices

The corporation is committed to an office lease in Montreal of \$33,000 in 2008. Niocan had also rented a small information office, on a monthly basis, in the village of Oka but cancelled at the end of 2007.

## ITEM XIII DIRECTORS AND SENIOR MANAGEMENT

The following chart lists Niocan’s Directors and Senior Management, as of March 14, 2008.

<u>Name and residence</u>	<u>Principal occupation</u>	<u>Director since</u>	<u>Number of common shares held on March 14, 2008</u>
BERNARD COULOMBE Asbestos (Quebec)	President and CEO, Vice-Chairman of the Board, Chairman and CEO of Jeffrey Mines Inc.	1995	931,500
TERENCE S. ORTSLAN Toronto (Ontario)	Director, Director General of TSO & Associates	2002	Nil
HUBERT MARLEAU Montréal (Québec)	Director, Chairman of Niocan President and Director- General - Palos Capital Corporation	1999	75,000
LARS ERIC JOHANSSON London, UK	Director President CEO Ivanhoe Nickel & Platinum Ltd	2006	Nil
REMO J. MANCINI Amherntburg, (Ontario)	Director President of Sandstone Strategies	2007	Nil



#### ITEM XIV ADDITIONAL INFORMATION

In connection with the filing of this Annual Information Form (AIF), dated March 14, 2008, NIOCAN hereby undertakes to provide to any person or corporation, upon request to the Corporate Secretary:

- a) When the securities of the corporation are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed with respect to a distribution of its securities,
  - i) One copy of the corporation's AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF,
  - ii) One copy of the comparative financial statements of the corporation for its most recently completed financial year together with the accompanying report of the auditor and one copy of any interim financial statements of the corporation subsequent to the financial statements for its most recently completed financial year,
  - iii) One copy of the information circular of the corporation with respect to its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate, and
  - iv) One copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or
- b) At any other time, one copy of any other documents referred to in (a) (i), (ii), (iii) and (iv) above, provided the corporation may require the payment of a reasonable charge, if the request is made by a person who is not a security holder of the corporation.

Other information, including information on directors' and officers' remuneration and indebtedness, principal holders of the corporation's securities, options to purchase securities and the interests of insiders in material transactions, where applicable, is set forth in the corporation's information circular prepared for the most recent annual general meeting of shareholders to be on April 10, 2008 and which involved the election of directors (the Circular). Additional financial information is given in the comparative financial statements to the end of the last fiscal year, presented in the corporation's Annual Report for the year ended December 31, 2007. The Circular and the Annual Report are available to the public as provided for by Section 87 of the Securities Act (Quebec).