NIOCAN INC.

ANNUAL REPORT

2014

Niocan inc.
NIOBIUM / CANADA

Financial Statements
For the years ended
December 31, 2014 and 2013

NIOCAN INC.
MANAGEMENT'S REPORT

Management's responsibility for financial reporting

The accompanying financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The management is responsible for the preparation, integrity and objectivity of the financial statements and other financial information presented in this Report. Other information included in these financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

A system of administrative, internal accounting and disclosure controls have been developed and are maintained by management to provide reasonable assurance that assets are safeguarded and that financial information is accurate and reliable.

(signed) *Hubert Marleau*
Hubert Marleau, President and CEO

(signed) *Bruno Dumais*
Bruno Dumais, CPA, CA, Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Niocan Inc.

We have audited the accompanying financial statements of Niocan Inc., which comprise the statements of financial position as at December 31, 2014 and December 31, 2013, the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Niocan Inc. as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that Niocan Inc. is still waiting for the authorization and obtaining the permits for the mining property in Oka, and obtaining the financing to operate that property. Also, the Company is still in exploration stage relating to its other property and, as such, no revenue has been yet generated from its operating activities. Accordingly, the Company depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about Niocan Inc.'s ability to continue as a going concern.

KPMG LLP*

March 23, 2015

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A115894

NIOCAN INC.
Statements of Financial Position
As at December 31, 2014 and 2013

	Note	2014	2013
		$	$
Assets	**10**		
Current assets			
Cash and cash equivalents	**6**	**362,980**	841,287
Receivables	**7**	**7,735**	4,655
Tax credits and mining tax credits receivable		**19,639**	161,534
Prepaid expenses and deposits		**71,915**	54,346
Total current assets		**462,269**	1,061,822
Non-current assets			
Mining properties and exploration and evaluation assets	**8, 10**	**6,361,307**	7,174,382
Land		**506,887**	506,887
Total non-current assets		**6,868,194**	7,681,269
Total assets		**7,330,463**	8,743,091
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**46,930**	68,154
Current portion of debentures	**10**	**1,155,169**	—
Total current liabilities		**1,202,099**	68,154
Non-current liabilities			
Debentures	**10**	**—**	1,096,203
Warrants	**10**	**—**	26,000
Deferred tax liability	**5**	**725,251**	857,004
Total non-current liabilities		**725,251**	1,979,207
Total liabilities		**1,927,350**	2,047,361
Equity			
Share capital	**11**	**15,283,101**	15,283,101
Contributed surplus		**1,247,400**	1,247,400
Deficit		**(11,127,388)**	(9,834,771)
Total equity		**5,403,113**	6,695,730
Total liabilities and equity		**7,330,463**	8,743,091

The notes on pages 8 to 25 are an integral part of these financial statements.

On behalf of the Board:

(signed) Hubert Marleau, director

(signed) Remo J. Mancini, director

NIOCAN INC.
Statements of Loss and Comprehensive Loss
For the years ended December 31 2014 and 2013

	Note	2014	2013
		$	$
Revenues		**8,000**	9,600
Expenses			
Professional fees		**120,140**	140,693
Office and administration		**137,425**	214.808
Directors' fees		**32,416**	69,667
Trustees and registration fees		**108,050**	85,466
Rent		**27,650**	27,772
Taxes and permits		**6,646**	15,030
Travel and business development		**6,663**	14,110
Insurance		**14,636**	18,711
Telecommunication & website		**5,413**	11,535
Repairs and maintenance		**9,591**	3,312
Share-based expense	**13**	**—**	37,200
Depreciation	**9**	**—**	922
Bank charges		**781**	1,066
Total expenses		**469,411**	640,292
Impairment of mining properties and exploration and evaluation assets	**8**	**817,363**	—
Loss before net finance expense and income and mining taxes		**(1,278,774)**	(630,692)
Net finance expense	**4**	**145,939**	271,380
Loss and comprehensive loss before income and mining taxes		**(1,424,713)**	(902,072)
Current tax expense (recovery)	**5**	**(343)**	(16,584)
Deferred income and mining tax expense (recovery)	**5**	**(131,753)**	16,584
Total income and mining taxes recovery		**(132,096)**	—
Net loss and comprehensive loss		**(1,292,617)**	(902,072)
Basic and diluted net loss per outstanding common share	**12**	**(0.06)**	(0.04)
Weighted average number of outstanding common shares	**12**	**22,979,868**	22,628,125

The notes on pages 8 to 25 are an integral part of these financial statements.

NIOCAN INC.
Statements of Changes in Equity
For the years ended December 31, 2014 and 2013

	Share capital	Contributed surplus	Deficit	Total equity
	$	$	$	$
Balance at December 31, 2012	12,875,102	1,210,200	(8,932,699)	5,152,603
Issuance of shares	2,407,999	—	—	2,407,999
Net loss and comprehensive loss	—	—	(902,072)	(902,072)
Stock options issued	—	37,200	—	37,200
Balance at December 31, 2013	15,283,101	1,247,400	(9,834,771)	6,695,730
Balance at December 31, 2013	15,283,101	1,247,400	(9,834,771)	6,695,730
Net loss and comprehensive loss	**—**	**—**	**(1,292,617)**	**(1,292,617)**
Balance at December 31, 2014	**15,283,101**	**1,247,400**	**(11,127,388)**	**5,403,113**

The notes on pages 8 to 25 are an integral part of these financial statements.

NIOCAN INC.
Statements of Changes in Cash Flows
For the years ended December 31 2014 and 2013

	Note	2014	2013
		$	$
Cash flows from operating activities:			
Net loss		**(1,292,617)**	(902,072)
Adjustments for:			
Depreciation	**9**	**—**	922
Share-based compensation		**—**	37,200
Impairment of mining properties and exploration and evaluation assets	**8**	**817,363**	—
Change in fair value of warrants	**4**	**(26,000)**	(89,401)
Interest expense	**4**	**178,966**	369,702
Interest income	**4**	**(7,027)**	(8,921)
Income and mining tax expense (recovery)	**5**	**(132,096)**	—
		(461,411)	(592,570)
Changes in non-cash working capital items:		**(37,017)**	(35,971)
		(498,428)	(628,541)
Cash flows from financing activities:			
Proceeds from issuance of debentures and warrants		**—**	1,200,000
Transaction costs		**—**	(49,980)
Interest paid		**(120,000)**	(163,387)
Interest received		**7,027**	8,921
		(112,973)	995,654
Cash flows from investing activities:			
Additions to exploration and evaluation assets	**8**	**(7,000)**	(338,446)
Tax credits received on exploration and evaluation assets		**140,094**	109,146
		133,094	(229,300)
Net increase (decrease) in cash and cash equivalents		**(478,307)**	137,813
Cash and cash equivalents, beginning of the year		**841,287**	703,474
Cash and cash equivalents, end of the year		**362,980**	841,287

The notes on pages 8 to 25 are an integral part of these financial statements.

1. Reporting entity and going concern:

Niocan Inc. (the "Company") is domiciled in Canada. The address of the Company's registered office is 1, Place Ville-Marie, Suite 1812, Montréal, Québec. The Company, incorporated under the Québec *Companies Act* on August 29, 1995, holds a niobium property in Oka, Québec and exploration properties in the province of Québec.

The Company is in a development stage and has mineral exploration and development properties in the province of Québec. Substantially, all of the Company's efforts are currently devoted to financing, developing and obtaining permits for its niobium property in Oka.

Financial statements have been prepared on a going concern basis which supposed that the Company will pursue its activities in a foreseeable future and will be able to realize its assets or discharge its obligations in the ordinary course of operations. The Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. The Company does not have any revenues coming from its operations that would enable the Company to discharge its obligations in the ordinary course of its operations.

With respect to the niobium property in Oka, the Company has determined in 1999 that the property contains ore resources which provide a conceptual indication of the potential of the property. The Company's application is under study with the Québec Ministry of Sustainable Development, Environment and Parks ("MDDEP") and the community of Oka in order to obtain all permits, certificates and other authorizations to allow the Company to operate the niobium property. Management is currently working in order to obtain all the required permits and authorization to develop the Oka property. Since there is no public infrastructure and in light of the low commodity prices of iron, a write-down of the accumulated cost of $817,363 relating to the Great Whale property was recorded in 2014.

The $1.2 million debentures are maturing on August 19, 2015 and are secured by all the property and assets of the Company. Management is currently negotiating with the debentures holders in order to renew or convert the debentures at the best interest of the Company. If there are no agreements reach before August 19, 2015, the debentures holders may exercise their rights. The debentures have consequently been reclassified as current liabilities in 2014.

The ability of the Company to meet its commitments as they become payable, including the acquisitions of mineral properties and the development of projects, is dependent on its ability to obtain necessary financing. The recoverability of amounts shown for mineral properties and exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary authorizations and financing to complete the acquisition, exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in the ordinary course of operations.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. Basis of preparation:

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on March 23, 2015.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the warrants, which are measured at fair value through profit or loss.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 3 with regards to the determination of capitalizable costs as exploration and evaluation assets (Note 3 c)), impairment of non-financial assets (Note 3 e)) and management’s intention to become or not a producer in the future with respect to refundable credit on mining duties (Note 3 g)).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 3 and 6 - recoverability of mining properties and other exploration and evaluation assets;
- Note 3 - assessment of refundable tax credits for resources.
- Note 10 – carrying value of all assets of the Company if no agreement is reach with the debenture holders before August 19, 2015.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) Financial instruments:

Non-derivative financial assets

Non-derivative financial assets and liabilities are initially recognized at fair value, plus any attributable transaction costs.The Company has the following non-derivative financial assets:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and debentures. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments

The Company has derivative financial instruments in regards to the warrants which are classified as financial instruments at fair value through profit and loss. Derivative instruments are initially recorded at fair value and subsequent to initial recognition, they are measured at fair value with changes in fair value included in the statement of comprehensive loss at each reporting date as a component of net finance costs.

Fair value hierarchy

The following fair value hierarchy, which reflects the significance of the inputs, is used in making the measurements of fair value of financial assets and liabilities.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

b) Share capital:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Warrants

Warrants that are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments are classified as equity.

Warrants that include a contractual obligation to deliver cash or do not meet the fixed requirements of IAS 32 are classified as financial liabilities.

c) Exploration and evaluation assets:

Exploration and evaluation assets include mining properties and other exploration and evaluation costs. Mining properties correspond to acquired interests in mining exploration permits / claims which include the rights to explore for, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditure are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Costs incurred include appropriate technical and administrative overheads. Exploration and evaluation assets are carried at historical cost less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible and intangible mine development assets according to the nature of the assets.

d) Equipment:

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in profit or loss using the declining balance method at the following annual rates, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset:

Computer equipment	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

e) Impairment:

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

The carrying amount of exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

Exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The level identified by the group for the purposes of testing exploration and evaluation assets for impairment corresponds to the mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as net finance expense.

g) Refundable credit on mining duties and refundable tax credit related to resources:

The Company is eligible for a refundable credit on mining duties under the Québec *Mining Duties Act*. This refundable credit on mining duties is equal to 16% on 50% of the eligible expenses. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*, which generates a deferred tax liability and deferred tax expense simultaneously, since the exploration and evaluation assets have no more tax basis following the Company's election to claim the refundable credit. In the second case, it is expected that no mining duties will be paid in the future; accordingly, the credit on mining duties is recorded as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against exploration and evaluation assets. Currently, it is management's intention to have the Company become a producer in the future, as such, credits on mining duties are recorded in compliance with IAS 12, *Income Taxes*.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources represents up to 38.75% of the amount of eligible expenses incurred until June 4, 2014 and up to 31% for eligible expenses incurred thereafter and is recorded as a government grant against exploration and evaluation assets.

Credits related to resources and credits on mining duties recognized against exploration and evaluation expenditures are recorded when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the credits. They will be recognized in profit or loss on a systematic basis over the useful life of the related assets.

h) Share-based payments:

The grant date fair value of share-based payment awards granted to employees and directors is recognized as an employee expense, with a corresponding increase in contributed surplus, over the year that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. The Company measures the foods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

i) Leases:

All leases are classified as operating leases and as such the leased assets are not recognized in the Company's statements of financial position.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

j) Net finance costs:

Net finance costs comprise interest income on funds invested, interest expense using the effective interest method, and changes in the fair value of the warrants.

k) Income tax:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Earnings per share:

The Company presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise warrants and share options granted to employees.

m) Segment reporting:

The Company determined that it had only one operating segment, being the mining exploration.

n) Adoption of new accounting standards:

The adoption of these new standards has not had a material impact on the financial statements.

Amendments to IAS 32, Offsetting Financial Assets and Liabilities:

In December 2011, the IASB published Offsetting Financial Assets and Financial Liabilities. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively.

The amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set off if that right is:

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement.

The Company adopted the amendments to IAS 32 in its financial statements for the annual period beginning January 1, 2014. The adoption of this standard has had no impact on the Company's financial information.

IFRIC 21, Levies:

In May 2013, the IASB issued IFRIC 21, Levies. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively.

IFRIC 21 provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executor contracts or other contractual arrangements.

The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

The Company adopted IFRIC 21 in its financial statements for the annual period beginning January 1, 2014. The adoption of this standard has had no impact on the Company's financial information.

o) Future accounting standards:

The following new standards, interpretations and amendments have been issued but are not yet effective and therefore have not been applied in preparing these financial statements:

IFRS 9, *Financial Instruments*:

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new ‘expected credit loss’ model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

4. Net finance expense:

	2014	2013
	$	$
Interest income	**(7,027)**	(8,921)
Interest expense	**178,966**	369,702
Change in fair value of the warrants (note 10)	**(26,000)**	(89,401)
Net finance expense	**145,939**	271,380

5. Income and mining taxes:

Effective income tax expense (recovery) differs from income tax expense (recovery) computed based on the combined federal and provincial income tax rate of 26.9% (2013 – 26.9%) as a result of the following:

	2014	2013
	$	$
Loss before income and mining tax	**(1,424,713)**	(902,072)
Tax recovery using the Company's domestic tax rate	**(383,248)**	(242,657)
Share-based expense	**—**	10,007
Mining tax recovery	**(96,654)**	(4,461)
Non-deductible expenses and other	**(63)**	33,845
Expiration of non-capital losses	**112,872**	—
Change in recognized deductible temporary difference	**(112,872)**	—
Current year losses for which no deferred tax assets is recognized	**347,869**	203,266
Income and mining taxes expense (recovery)	**(132,096)**	—

The income tax effect of temporary differences that give rise to future tax assets and liabilities is as follows as at December 31:

	2014	2013
	$	$
Deferred tax assets:		
Equipment	**8,392**	8,144
Financing costs	**23,600**	54,339
Non-capital losses	**610,211**	759,599
	642,203	822,082
Deferred tax liabilities:		
Mining properties	**227,305**	227,305
Exploration and evaluation assets	**1,128,089**	1,444,271
Debentures and warrants	**12,060**	7,510
	1,367,454	1,679,086
Net deferred tax liabilities	**(725,251)**	(857,004)

The non-capital losses expire as follows:

	Federal	Quebec
	$	$
2015	481,645	583,958
2026	227,582	249,285
2027	328,025	325,441
2028	461,358	460,450
2029	449,845	448,896
2030	430,422	429,028
2031	1,051,711	1,049,831
2032	951,827	951,128
2033	910,315	909,812
2034	737,928	737,621
	6,030,658	6,145,450

The Company also has available unrecognized exploration tax credits of $133,617 (2013 –– $133,403), which will expire between 2023 and 2034.

Movement in deferred tax balances during the year.

	Balance December 31, 2013	Recognized in profit or loss	**Balance December 31, 2014**
	$	$	**$**
Equipment	8,144	248	**8,392**
Non-capital losses	759,599	(149,388)	**610,211**
Exploration and evaluation assets	(1,444,271)	316,182	**(1,128,089)**
Mining properties	(227,305)	—	**(227,305)**
Debenture and warrants	(7,510)	(4,550)	**(12,060)**
Financing costs	54,339	(30,739)	**23,600**
	(857,004)	131,753	**(725,251)**

Unrecognized deferred tax assets:

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

	2014	2013
	$	$
Non-capital losses carry forwards	**1,025,710**	790,713
Capital losses carry forwards	**1,035**	1,035
Financing costs	**25,576**	26,576
	1,053,321	818,325

6. Cash and cash equivalents:

	2014	2013
	$	$
Bank balances	**48,719**	132,452
Term deposits (bearing interest at 1.05%, maturing on January 28, 2015)	**314,261**	708,835
Cash and cash equivalents	**362,980**	841,287

7. Receivables:

	2014	2013
	$	$
Federal sales taxes	**2,650**	1,575
Québec sales taxes	**5,085**	3,080
Receivables	**7,735**	4,655

8. Mining properties and exploration and evaluation assets:

Capitalized exploration and evaluation assets can be detailed as follows:

		Oka property		Great Whale property	Total
	Mining property	Exploration and evaluation assets	Mining properties	Exploration and evaluation assets	
	$	$	$	$	$
Cost as at December 31, 2012	845,000	5,512,019	—	610,065	6,967,084
Additions	—	—	—	338,446	338,446
Tax credits for resources	—	—	—	(131,148)	(131,148)
Cost as at December 31, 2013	845,000	5,512,019	—	817,363	7,174,382
Additions	**—**	**7,000**	**—**	**—**	**7,000**
Tax credits for resources	**—**	**(2,712)**	**—**	**—**	**(2,712)**
Impairment	**—**	**—**	**—**	**(817,363)**	**(817,363)**
Cost as at December 31, 2014	**845,000**	**5,516,307**	**—**	**—**	**6,361,307**

Exploration and evaluation assets by nature (net of tax credits) can be detailed as follows:

	2014	2013
	$	$
Exploration	**—**	206,486
Consulting	**4,288**	812
	4,288	207,298
Balance, beginning of the year	**7,174,382**	6,967,084
Impairment	**(817,363)**	—
Balance, end of the year	**6,361,307**	7,174,382

Oka property:

The Oka mining property consists of mining rights comprised of 49 claims covering over 2,191 acres.

The Company granted SGF Mines Inc. the option to acquire a 20% interest in two ore deposits of its mining property in consideration of a payment, representing 20% of total expenses incurred to bring the said ore deposits into production.

The Company also granted Teck Corporation the option to acquire a 25% interest in its mining property in consideration of a payment, representing 25% of total expenses incurred to bring the said ore deposits into production, and by the payment of $1,000,000 cash, of which $500,000 was received.

The options cannot be transferred without the Company’s approval.

Great Whale property:

The Company owns a 100% interest in surface and mining rights for the iron property of Great Whale covering over 56,195 acres on the Hudson Bay territory.

Since there is no public infrastructure and in light of the low commodity prices of iron, a write-down of the accumulated cost of $817,363 relating to the Great Whale property was recorded in 2014.

9. Computer equipment:

	$
Cost:	
Balance, December 31, 2012	16,760
Additions	—
Balance, December 31, 2013	16,760
Additions	—
Balance, December 31, 2014	**16,760**
Depreciation:	
Balance, December 31, 2012	15,838
Depreciation for the year	922
Balance, December 31, 2013	16,760
Depreciation for the year	—
Balance, December 31, 2014	**16,760**
Carrying amounts:	
At December 31, 2013	—
At December 31, 2014	**—**

10. Debentures and warrants:

On February 19, 2013 the Company completed a private placement with Nio-Metals Holdings LLC (“Nio-Metals”) pursuant to which Nio-Metals subscribed for a unit comprising of $1,200,000 aggregate principal amount of secured subordinated debentures of the Company (the “Debenture”) and 1,000,000 warrants to purchase common shares, representing aggregate gross proceeds of $1,200,000. The Debenture bear interest at an annual rate of 10%, payable quarterly and mature August 19, 2015, subject to the ability of the Company to repay them at any time without penalty. Each warrant entitles the holder to purchase one common share at a price of $0.50 until February 19, 2015. The Debenture is secured by all property and assets of the Company.

	2014	2013
	$	$
Nominal value of the Debenture	**1,200,000**	1,200,000
Transaction costs	**(49,880)**	(49,880)
Fair value of warrants	**(96,401)**	(96,401)
Fair value at conversion date	**1,053,719**	1,053,719
Cumulative effective interest rate adjustment	**101,450**	42,484
Ending balance	**1,155,169**	1,096,203

The warrants are presented as a liability and recorded at fair value each reporting dates using the Black-Scholes pricing model. The decrease in fair value recorded through income from inception to the end of the year totaled $96,401. The warrants are classified as Level 3 in the fair value hierarchy.

The following assumptions were used in calculating the fair value of the warrants as at December 31:

	2014	2013
Risk-free interest rate	**0.9%**	1.5%
Expected life	**0.14 year**	1.14 years
Expected volatility	**61%**	92%
Expected dividend yield	**—**	—

The following assumptions were used in calculating the fair value of the warrants at inception:

	2014	2013
Risk-free interest rate	—	1%
Expected life	—	2 years
Expected volatility	—	67%
Expected dividend yield	—	—

The following table shows reconciliation from the opening balances to the closing balances for the Lever 3 fair values:

	2014	2013
Beginning balance	**26,000**	19,000
Addition	—	96,401
Change in fair value	**(26,000)**	(89,401)
Ending balance	—	26,000

The following table presents the details of the issued and outstanding warrants as at:

	As at December 31, 2014		As at December 31, 2013	
Exercise price	**Expiry date**	**Number**	Expiry date	Number
$0.50	**February 19, 2015**	**1,000,000**	February 19, 2015	1,000,000
$1.45	—	—	August 29, 2014	1,562,000
		1,000,000		2,562,000

During the year, 1,562,000 warrants have expired.

11. Share capital:

The number of shares issued and outstanding as at December 31, 2014 was 22,979,868 (December 31, 2013 – 22,979,868). The Company is authorized to issue an unlimited number of common shares, without par value. In 2013, the Company issued 2,176,035 following the conversion of the debentures.

12. Net loss per share:

The calculation of basic net loss per share at December 31, 2014 was based on the loss attributable to common shareholders which corresponds to the loss for the year of $1,292,617 (2013 – loss of $902,072), and a weighted average number of common shares of 22,979,868 (December 31, 2013 – 22,628,125).

The calculation of diluted net loss per share at December 31, 2014 is the same as the basic net loss per share as all options had an anti-dilutive effect (same at December 31, 2013).

13. Share-based payments:

Under the stock option plan, the Company may grant options to directors, officers and consultants to purchase common shares provided that the aggregate number of shares subject to such option may not exceed 10% of the issued and outstanding common shares at the time of any option grant on a rolling basis (2013 – 2,950,000 options). The exercise price of each option is determined by the Board of Directors and is required not to be lower than the discounted market price based on last closing market price of the common shares before the date of the grant of the option (2013 – options exercisable at the market of the stock options at the date of the grant) . The options vest immediately upon issuance and their life may not exceed 5 years (2013 – 5 years). All options are recorded at fair value when granted.

The plan must receive shareholder and Stock Exchange approval annually at the Company's annual general meeting of shareholders. Assuming the plan receives approval, 1,049,000 stock options belonging to directors and employees considered as inside traders will expire and be cancelled. The number of stock options outstanding fluctuated as follows:

	As at December 31, 2014		As at December 31, 2013	
	Number of stock options	**Weighted average exercisable price**	Number of stock options	Weighted average exercisable price
		$		$
Balance, beginning of the year	**2,418,000**	**0.48**	2,218,000	0.60
Issued	**—**	**—**	240,000	0.18
Expired	**(50,000)**	**1.10**	(40,000)	0.85
Cancelled	**(894,000)**	**0.49**	—	—
Balance, end of the year	**1,474,000**	**0.46**	2,418,000	0.48

The table below summarizes the information about the stock option plan as at December 31, 2014:

Maturity date	Exercise price	Number of outstanding and vested options
March 2, 2015	$0.98	22,000
August 31, 2016	$0.44	60,000
January 8, 2017	$0.40	80,000
August 2, 2017	$0.72	340,000
January 23, 2018	$0.50	72,000
May 8, 2018	$0.63	180,000
May 3, 2019	$0.34	300,000
August 20, 2019	$0.31	90,000
April 6, 2020	$0.32	90,000
December 10, 2023	$0.18	240,000
		1,474,000

Share-based compensation expense for the year ended December 31, 2014 totaled nil ($37,200 in 2013).

The following assumptions were used in calculating the fair value of the stock options awarded during the year:

	2014	2013
Risk-free interest rate	—	1.5%
Expected life	—	10 years
Expected volatility	—	76%
Expected dividend yield	—	—

14. Commitments and contingencies:

i) The Company has a lease commitment for its premises expiring February 28, 2016 with a company affiliated with a director (Note 16). Future minimum lease payments total $25,200 and include the following payments over the next two years:

	$
1 year	**21,600**
2 year	**3,600**

15. Financial instruments and financial risk management:

a) Financial instruments fair value:

The carrying values of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these items.

The carrying value of Debentures approximates their fair value as there has not been any changes in the market conditions associated with this instrument.

b) Risks overview:

The Company has exposure to the following risks from its use of financial instruments:

i) Credit risk:

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash is maintained with high-credit, quality financial institutions.

ii) Liquidity risk:

Management serves to maintain a sufficient amount of cash and cash equivalents, and to ensure that the Company has at its disposal sufficient sources of financing such as private placements. The Company establishes cash budgets to ensure it has the necessary funds to fulfill its obligations. Being able to obtain new funds allows the Company to pursue its activities and even though the Company was successful in the past, there is no guarantee that it will succeed in the future.

The following are the contractual maturities of the financial liabilities amounts:

	0 - 6 months	**7 - 12 months**	**13 - 36 months**
	$	**$**	**$**
Accounts payable and accrued liabilities	**46,930**	**—**	**—**
Debentures	**—**	**1,200,000**	**—**
Total contractual liabilities	**46,930**	**1,200,000**	**—**

The $1.2 million debentures are maturing on August 19, 2015 and are secured by all the property and assets of the Company. Management is currently negotiating with the debentures holders in order to renew or convert the debentures at the best interest of the Company. If there are no agreements reach before August 19, 2015, the debentures holders may exercise their rights.

iii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company holds the majority of its cash and cash equivalents balance in interest-bearing accounts which are therefore exposed to future cash flow fluctuations coming from changes in market interest rates. A fluctuation of 100 basis points on market interest rates would not have a significant impact on the financial results of the Company due to the short-term nature of these cash and cash equivalents.

16. Related party transactions:

Key management personnel compensation

Key management personnel corresponds to the directors of the Company, including the Chief Executive Officer who is remunerated through a salary agreement.

During the year, the Company incurred the following expenses with key management personnel:

	2014	2013
	$	$
Management fees included in office and administration	**60,000**	72,000
Directors' fees	**32,416**	69,667

The Company has the following amounts owing to related parties as at December 31:

	2014	2013
	$	$
Debentures:		
Major shareholder	**1,155,169**	1,096,203

During the year, interest expenses of $163,387 ($369,702 in 2013) were incurred on the debentures, of which $120, 000 were paid ($163,387 in 2013).

In March 2012, the Company signed a sublease agreement with a company affiliated with a director. During the year, the Company incurred $21,600 (2013 - $21,600) of rent expenses related to this agreement.

17. Capital disclosures:

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

The Company's capital items are the following:

	2014	2013
	$	$
Cash and cash equivalents	**362,980**	841,287
Debentures	**1,155,169**	1,096,203
Share capital	**15,283,101**	15,283,101

The Company manages its capital structure and makes adjustments to it in accordance with the aforementioned objectives, as well as in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments. There is no dividend policy. The Company is not subject to externally imposed capital requirements. The Company's management of capital remained unchanged since the last year.

Niocan inc.
NIOBIUM / CANADA

Management's Discussion and Analysis

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Niocan ("Niocan" or the "Company") is a narrative explanation, through the eyes of Niocan's management, on how the Company performed during the three-month and the twelve-month periods ended December 31, 2014 (fourth quarter of 2014) as compared to the three month and the twelve-month period ended December 31, 2013 (fourth quarter of 2013).

This MD&A supplements the audited financial statements for the period ended December 31, 2014 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations. All amounts in this MD&A are in Canadian dollars unless otherwise indicated. This MD&A contains information available to March 23, 2015. Prior to publication, the Board of Directors, on the recommendation of the audit committee, approved Niocan's audited financial statements and this MD&A.

The Company's headquarters are located in Montreal, Canada. Niocan is listed on the TSX Venture Exchange ("TSX-V") under the symbol NIO. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Forward Looking Statements

This document contains forward-looking statements, which reflect the Company's current expectations regarding certain future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Niocan, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

For information identifying known risks and uncertainties, relating to the issuance by the Ministry of Sustainable Development, Environment and Parks ("MSDEP") of the Certificate of Authorization ("CA") to build the mine in Oka, financial resources, market prices, exchange rates, politico-social conflicts, competition, the purchase of the old St-Lawrence Columbium mine site from the Municipality of Oka should the CA be issued, and other important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk and Uncertainties Section of this Management's Discussion and Analysis. Consequently, actual results may differ materially from the anticipated results expressed in these forward-looking statements.

1 Description of Activities

1.1 Summary

Niocan's mission is to become a ferroniobium producer as soon as possible, following the issuance of a CA from the MSDEP. In the long term, the Company plans to recover some by-products from the ore mineral resources and produce ferroalloys, as well as other related products. The Company has no significant income at this stage.

The Oka project involves the development of a mining complex based on an underground mine, a concentrator and a converter for the production of ferroniobium. The project has completed all exploration phases, including two drilling campaigns in 1995, 1996, and 1997 for a total of 22,204 meters, to define two resource ore bodies: the S-60 and the HWM-2 (historical resources). Numerous metallurgical concentration tests and analyses were undertaken throughout the exploration period. These tests, on the various mineralized facies of the principal resource mineral prospect, the S-60, allow for the development of an optimal pyrochlore recovery process. Pyrochlore is the niobium-bearing mineral.

In 2004, Niocan acquired a property with three mineral prospects (historical resources) of magnetite ore, located near the Great Whale River (the "Great Whale Iron Property").

1.2 Projects

a) Oka Niobium Mine Project

In February 2010, the Company announced its report on the mineral resources at its Oka property as per the National Instrument 43-101 ("NI 43-101") and the CIM mineral resources classifications. This report was prepared by Mr. Serge Lavoie M.A. Sc., P .Eng., geological engineer, independent consulting geological engineer and qualified person (the "qualified person"), in order to reproduce the Oka Niobium ore resources, which were subject of a feasibility study completed by Met-Chem/Pellemont in 1998 as well as an update in January 2000 of this study by Met-Chem/SNC-Lavalin, since these two studies were completed prior to the entry into force of NI 43-101 requirements. Mr. Lavoie was a geologist at the former St. Lawrence Columbium property in Oka when it was in operation.

Additional drilling of the main ore body at Oka, the S-60 deposit, was made by Niocan in 1995-1997 with 59 DDH, for a total of 21,976 meters. The steeply dipping cylindrical shaped deposit defined in the drilling campaign has an approximate dimension of 100m by 80m and extends 500 meters below surface. The deposit is still open at depth.

The revised mineral resources estimates calculated by Met-Chem under the supervision of the qualified person in December 2009 are:

Resources Classification at a 0.40% cut off grade Nb_2O_5	Tonnes (in millions)	Nb_2O_5 Content (in %)
Measured	4.28	0.72
Indicated	6.35	0.65
M & I Total	10.63	0.68
Inferred	3.22	0.61

Met-Chem is in the opinion that more resources could be further identified with additional drilling from mineralized satellite lenses in the immediate proximity of the S-60 deposit. According to preliminary information, this additional drilling could increase the S-60 mineral resource base by up to 30 percent, according to Met-Chem.

The metallurgical testworks were first performed between 1996 and 1998 by the Centre de Recherche Minéral du Québec (CRM, now COREM) on core samples for the S-60 deposit. The pyrochlore recovery was 76.5%, yielding a commercial grade of 51% Nb_2O_5 in the concentrate.

The following table sets forth additional historical resources of other known mineralized deposits on the property.

Other Mineralized Deposits	Historical Resources
HWM-2	5.9 millions tonnes at 0.56% Nb_2O_5
SLC unexploited ore below 300m plus zones 112 - 114	21.7 millions tonnes at 0.44% Nb_2O_5

These mineral resources are historical in nature and have not been validated by the qualified person. These mineral resources are not compliant with NI 43-101 and should not be relied upon.

The Company believes that these historical mineral resources estimates provide a conceptual indication of the potential of the property and are relevant to future exploration.

Niocan will also have all of its mineral resources recalculated with the lower cut off grades of 0.35% and 0.30% Nb_2O_5 for the NI 43-101. This activity will be completed in due course for the revised bankable feasibility study since the 0.40% cut off grade was first used when the FeNb price was at $6.50 USD per pound. This price and cut off grade were used in the 1998 and 2000 feasibility and updated feasibility studies completed by Met-Chem and SNC-Lavalin.

The following is an extract from The Economist, October 2nd, 2010, page 64: "*Rare earths and China. Since 2006 China has behaved in a way that resemble OPEC, the oil-producers' cartel, cutting exports by 5-10 % a year. Prices have soared: the cost of cerium oxide (often used as a catalyst) has increased sixfold since the start of the year, and is 20 times higher than in 2005*".

In the technical report, on table 15.18, the content of pyrochlore concentrate obtained in the test process of mineralization of the S-60 deposit is given, ie: 51.2% of Nb_2O_5 and 9% of cerium trioxide (refer to report «*Modèle géologique et estimation des ressources de Niobium dans la zone S-60, Oka, Québec*», reported by Serge Lavoie ing, on February 16, 2010).

Niocan has continued to request the CA from the MSDEP, which would allow the Company to build an underground mine in Oka. The Company has visited the mine site with senior officials from the Ministry of Natural Resources and has met with the mayor of Oka, Mr. Richard Lalonde. The Company has contacted the Environment Minister, the mayor of Oka and the Kanesatake Mohawk Council Chief in the past to ask advice and suggestions on how to interest the Mohawk Community to open discussions on an Impacts & Benefits Agreement between Kanesatake and Niocan. The Company has received to date no indication as to whether the MSDEP intends to issue the CA, nor the timing of such decision. However the Company has received a written confirmation from the MSDEP during the first quarter of 2008, as well as more recently, that the MSDEP was consulting the first nations in Kanesatake in relation to the Company's plan to build its mine in Oka.

The Company's management has met with the Mohawks Council of Kanesatake on two occasions, in February and April 2008, and has also held a public presentation for the community of Kanesatake in April 2008 in relation to the underground mine design including the hydrological Golder Study. The objective of these meetings was to comfort the Mohawks community concerning the alleged environmental issues and the underground water effects potentially related to the mine project in the Ste-Sophie range of Oka located 6 kilometers from Kanesatake. The Mohawk Council of Kanesatake issued a press release on September 24, 2009 indicating that it is "*demanding a full Environmental Assessment be conducted immediately by the Federal Government in regard to a niobium mine planned for the area. Federal involvement is essential due to the safety concerns, aboriginal rights and fiduciary responsibility issues."* The Company responded to such press release by letter to Grand Chief Paul Nicholas dated October 1, 2009, reiterating the Company's invitation to meet with the Council to provide all pertinent technical information which, in the Company's view, would bring comfort to the Mohawk Council of Kanesatake. The Company is of the opinion that numerous studies performed over the past years as well as two (2) Bureau d'Audiences Publiques sur l'Environnement (BAPE) reports have indicated that the Oka Niobium Mine Project is environmentally safe. In addition, the Company believes that the federal government does not have jurisdiction over such matters. The Company has in fact received letters in 2001, 2002 and 2003 from the Canadian Environmental Assessment Agency stating that Environment Canada, Health Canada,
Natural Resources Canada, Fisheries and Oceans Canada and the Canadian Commission on Nuclear Security have confirmed their absence of "*trigger*" as per Section 5 of the Canadian Environmental Assessment Act, following their analysis of the Oka Niobium Mine Project. However, the Company will be required to comply with Canadian environmental regulations with respect to rejected waters from metallic mines.

On June 9, 2010, the Mohawks Council of Kanesatake issued a press release, reiterating its opposition to the Company's mine project, based on alleged environmental issues. The Company has not responded publicly but has reiterated its offer to open a data room for the perusal of their experts on any subject pertinent to the niobium mine project in the Ste-Sophie range of Oka, six kilometers downstream of Kanesatake.

Met-Chem, on Niocan's request, has produced a short niobium market study in February 2008. The main producers are located in Brazil (CBMM and Mineraçao Catalao) with a production of 77 300 tonnes in 2007 (2008 P; 97 500 T) and Niobec has a constant production of 3 500 tonnes annually. There are also some small producers of 25-200 T/yr. in Australia, Nigeria, Rwanda, Mozambic and Congo. The important users are Germany (41%), USA (27%), Japan (19%) and China (13%).

Also, there is an increased interest for rare earths (National Post, September 11, 2008). According to a report on the Company's Niobium property prepared by Les Consultants Protec inc. on November 5, 1997, Niocan's pyrochlore concentrate contains 14% rare earths. A conceptual study made by J. R. Goode and Associates Metallurgical Consulting dated December 18, 2000 for Niocan considered the processing of unleashed pyrochlore (mineral containing the niobium) concentrate to produce a high grade niobium product (about 99% pure) plus an intermediate grade tantalum product (about 80% grade), a semi-refined cerium oxide (95%) grade) and a mineral rare earth product (about 80% total rare earths). Since China has announced the cutting of their rare earth exports in December 2009, it could be interesting for Niocan to examine the possibility of treating the pyrochlore of zone S-60 to produce ferroniobium and/or pure niobium plus rare earths. New test work, market studies and further engineering work will be needed to determine if the proposed products could be produced and sold or if it would be better to produce different products or purities.

On March 31, 2010, the Company announced an update of the capital and operating costs ("*capex/opex*") for its Oka niobium project. A recent engineering and financial review by Met-Chem of the capex/opex concluded to the enhanced economics of the Oka niobium mine project.

b) Great Whale Iron Property ("GWIP")

In October 2012, the Company adopted a Work Program which consisted in the staking of additional claims, as further described herein, as well as in a regional airborne magnetics survey which was conducted in the vicinity of the GWIP, followed by a detailed airborne MAG-EM survey on the primary targets. The airborne surveys were conducted during the last quarter of 2012 and the first quarter of 2013. An analysis of this new data will help the Company delineate targets of greater interest for ground and field based follow-up.

During the second quarter of 2013 the results of the airborne survey were received and analyzed. Management is presently evaluating its options for the future development of the property.

The GWIP includes three (3) mineral prospects (historical resources) that were visited by geologists from Met-Chem and Niocan in July and August 2006. Met-Chem has delivered a Technical Report on GWIP as per NI 43-101 dated August 31, 2006. (Technical report on Great Whale Iron Property, Final Report August 2006, authors Mary Jean Buchanan Eng.M.Env, Raynald Jean Geol., Alain Dorval Eng., et Lionel Poulin, Eng.. In this report, Met-Chem stated the following: "*It should also be understood that resources presented in this technical report consist in historical estimates that were not verified by more recent data and as such may not be categorized or relied upon. However, Met-Chem believes that these historical estimates provide a conceptual indication of the potential of the property and are relevant to planning of future exploration programs and to the assessment of the property*."

This property of 17,098 acres, with an average of 36% Fe magnetite content indicated by drilling in 1957-1960, was acquired by Niocan on February 10, 2004. The GWIP is located 80 kilometres from the twin villages of Kuujjuarapik-Whapmagoostui at the South East end of the Hudson Bay. Intensive exploration carried out in the 1960's indicated an estimate of 942,000,000 tonnes from 3 open pit shells defined as Deposits A, D and E (still open at depth and laterally) of iron historical resources (Great Whale Iron Mine

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Limited for Belcher Mining Corporation Limited; November 1960 by L. M. Scofield). According to the compilation report prepared by Met-Chem on August 31, 2006, it is mentioned: "*In the 1960's, such calculation method was considered reliable. However today mineral resources or reserve calculations are generally based on mining software which are more robust and can perform 3D calculation. It will be necessary to twin some historic holes with new ones in order to establish a correlation between historic information and new ones before being able to use concentration tests indicator for new mineral resource or reserve estimates for compliance with NI 43-101*''.

Niocan has not established new drilling campaign and converted the past historical resource into mineral resources. The past historical resource is not considered as mineral resources or reserves under NI 43-101 and new drilling is needed. In addition, since no qualified person has performed sufficient work required to classify the historical estimate as current mineral resources or mineral reserves, Niocan is not treating the historical estimate as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of NI 43-101, and therefore, the historical estimate should not be relied upon.

Niocan must update the estimates and studies made in the 50's and 60's to demonstrate the feasibility of a contemporary iron mine in order to interest one or more partners in this potential project. Once the scoping-study project is started, the Company expects that it would take up to three (3) calendar seasons to conduct this study.

From July 1st to July 10, 2009, the Company proceeded to an expedition to the GWIP to collect new core samples to proceed to metallurgic tests. In February 2010, the Company announced that it has received positive preliminary metallurgical testing results. Eleven (11) short boreholes were drilled under Met-Chem Canada Inc supervision, 9 boreholes on Deposit A and 1 borehole on respectively Deposits D and E. The preliminary metallurgical testwork realized on new core drilling, performed during 2009 by Corem laboratory under Met-Chem directives, indicates positive results and a quality grade concentrate with no contaminant.

The testwork on Deposit A (36% - 41% Fe, mainly magnetite) responded well to low intensity magnetic separation and the first indication of the iron recovery are in the 90%+ with a percentage Fe in the concentrate of 65% to 68%. The testwork on Deposits D and E with coarser magnetic grains indicates similar to reach liberation. At this stage it is anticipated that a high quality concentrate could be produced at industrial scale. It is worthy to mention that the potential contaminants in the concentrate such as phosphorous are low (0.05%) because it appears that they could be easily removed (Technical Report on Metallurgical Tests of the Great Whale Iron Property, Final Report, May 2010, authors Raynald Jean Geol. and Alain Dorval Eng.).

The conceptual-scoping study would cost about approximately $ 6,000,000 and will include: preliminary environmental base line, stakeholders and native issues, geological mapping, diamond drill on deposit A (45 DDHs, 13,000 meters), bulk sampling, additional metallurgical tests to better define the concentration and the pelletizing process as well as the preliminary Capex and Opex of this project.

The construction of a 250 kilometers road between Radisson (James Bay, LG2 hydroelectric project), and the twin villages at the discharge of the Great Whale River, is planned by the Ministry of Transport of Quebec (News: Nunavick November 12th, 2009, Jane George). Credible information obtained by Niocan indicates that this road will pass at 3 kilometers South-East from Niocan's GWIP Deposit A.

Niocan will first concentrate its scoping-conceptual study on Deposit A (historical resources inside a design pit shell of 530,000,000T) before performing additional works on Deposit D (historical resources in a design pit shell of 145,000,000T) and Deposit E (historical resources in a design pit shell of 265,000,000T).

Since there is no public infrastructure and in light of the low commodity prices of iron, a write-down of the accumulated cost of $817,363 relating to the Great Whale property was recorded in 2014.

For the time being, Management's focus is exclusively devoted to the Oka property

2 Major events

On April 11, 2014, Niocan announced that its board of directors was reviewing various alternatives to maintain an uninterrupted trading platform for its shares. The board of directors of the Company still believed that it was in the best interests of the shareholders of Niocan that the shares continue to have a forum for trading in an orderly fashion.

Niocan has received notice from the Toronto Stock Exchange ("TSX") that the TSX has commenced a review of the eligibility for continued listing of the Company's securities on the TSX. The TSX has advised Niocan that it did not meet certain of its listing requirements, including the minimum requirement for expenditures on exploration and/or development work, and the minimum market value of "freely-tradable" listed securities of $2 million for 30 consecutive trading days.

The Company was granted 120 days to comply with all the TSX requirements. If the Company was unable to demonstrate on or before August 5, 2014 that it met the TSX requirements for continued listing, the securities would be delisted 30 days from such date. On October 3, 2014, the Company announced it had been granted an additional 30-day period prior to be delisted from the TSX.

On October 10, 2014, the Company announced amendments to its Stock Option Plan. Such amendments, amongst others, included the total number of common shares which may be issued following the exercise of options not to exceed 10% of the issued and outstanding common shares at the time of any Option grant on a "rolling" basis, the exercise price of an option not be lower than the TSX-V's Discounted Market Price based on the last closing market price of the common shares before the date of the grant of the option, subject to a minimum exercise price of $0.05, and the life of the options not to exceed 5 years.

The Plan must receive shareholder and Stock Exchange approval annually, at the Company's annual meeting of shareholders. The Amended Plan came into force upon its approval by the Company's Board of Directors and will be presented to the Company's shareholders for ratification, at the next annual meeting of shareholders.

On October 27, 2014, Niocan announced that the Company's common shares were to be listed for trading on the TSX Venture Exchange ("TSX-V") (Tier 2) as of the opening of the market on October 28, 2014 after being delisted from TSX effective at the close of the market on October 27, 2014.

Management is currently working in order to obtain all the required permits and authorization to develop the Oka property. Since there is no public infrastructure and in light of the low commodity prices of iron, a write-down of the accumulated cost of $817,363 relating to the Great Whale property was recorded in 2014.

3 Results of Operations

3.1 Summary

a) Oka Niobium Project

The Company has for many years been awaiting the receipt of a CA from the MSDEP which would allow it to exploit its Oka mine project. The Company considers that it has produced all information required by the MSDEP for the issuance of a CA; however, in spite of the Company's repeated attempts to obtain an indication from the MSDEP as to its intentions relatively to the CA, the Company has not received conclusive information to this effect. During 2010, the Company met with different stakeholders in the Oka region to obtain additional support to convince the MSDEP to issue the CA, which would allow the Company to build its underground Niobium mine in the Ste. Sophie range of Oka, Quebec as soon as possible. In February

2010, representatives of the Company met with representatives of the Deputy Minister of Sustainable Development, Environment and Parks to further discuss the issuance of the CA. While the Company believes that this meeting was constructive and positive, the Company has not received further information as to if and when the CA will be issued by the MSDEP.

During the third quarter of 2009, Niocan granted a mandate to Met-Chem for the formal update of the capital/operating costs of the projected mine complex in Oka. This project was completed during the first quarter of 2010 and a press release was issued on this subject in March 2010.

Moreover, the update to the 2000 socio-economic study performed by KPMG relative to the Oka Niobium Project was completed during the first quarter of 2010 to provide additional new information to all the Company's stakeholders, shareholders, government officials and departments and the regional communities. A press release was issued on this subject on March 17, 2010.

As further detailed above, the Company announced a revaluation. Niocan plans to complete the remaining segments of the feasibility study as per NI 43-101 only when the CA is issued by the MSDEP, and this information will be needed at that time for financing purposes. The Company considers that an update of the complete feasibility study which would be compatible with NI 43-101 would require approximately six (6) months and would cost over $500,000.

To date, $5,516,307 has been capitalized in the Company's financial statements relative to exploration and evaluation assets for this project. These essentially consist in geotechnical studies, feasibility studies and studies for the design of the Oka Niobium mining project.

b) <u>Great Whale Iron Property</u>

On August 31, 2006, Met-Chem produced its technical report which recommends a plan of action on the Great Whale project for the period comprised between 2006 and 2008, which totalised seven million three hundred thousand dollars ($7,300,000). The Company has not started this work.

In July 2009, the Company collected new drilled core samples and cores drilled in 1957-60 by Belcher Mining Corporation Ltd from the A, D and E iron mineralized (36% Fe magnetite) sites on the GWIP (17,098 acres) located 80 kilometers from the twin villages of Kuujjuarapik – Whapmagoostui on the Hudson Bay. The objective of the 2009 program, for which $183,000 was spent in 2009, was to perform modern metallurgical tests to confirm the optimum ore grain size of the prospects (historical resources) for maximum iron liberation. The Company announced in February 2010 the delivery of this report, the results of which are further detailed above.

To date, $817,363 was capitalized in the Company's Financial Statements relatively to exploration and evaluation assets for this project. These essentially consist in the study prepared by Met-Chem and fees relating to the land survey made by the Company, as well as costs engaged during 2009 for the metallurgical testing at Corem and more recently the work program which started in the fall of 2012 Since there is no public infrastructure and in light of the low commodity prices of iron, a write-down of the accumulated cost of $817,363 relating to the Great Whale property was recorded in 2014.

c) Segmented Expenditures per Property

To date, the Company has spent the following on its mineral properties:

	Oka property $	Great Whale property $	Total $
Cost as at December 31, 2012	6,357,019	610,065	6,967,084
Additions (net of tax credits):			
Exploration	—	206.486	206,486
Consulting	—	812	812
Cost as at December 31, 2013	6,357,019	817,363	7,174,382
Addition (net of tax credits):			
Consulting	4,288	—	4,288
Impairment	—	(817,363)	(817,363)
Cost as at December 31, 2014	**6,361,307**	**—**	**6,361,307**

3.2 Results of Operations for the three-month and the twelve-month periods ended December 31, 2014

Revenues for the fourth quarter of 2014 ended December 31, 2014 were $5,000, and consisted of rent totalling $8,000 for the twelve-month period ended December 31, 2014 as compared with $3,600 for the fourth quarter of 2013 and $9,600 for the twelve-month period ended December 31, 2013. Interest income of $2,513 was included in net finance expenses during the fourth quarter of 2014 as compared with $2,400 recorded during the fourth quarter of 2013; Interest income of $7,026 was included in net finance expenses during the twelve-month period ended December 31 2014 as compared with $8,921 for the same period from the previous year.

The operating expenses incurred for the fourth quarter ended December 31, 2014 were $121,555 as compared with $195,549 in the fourth quarter of 2013. The decrease of $73,994 in the operating expenses was attributable to lower management fees paid to the Chief Executive Officer, the decrease of the director fees and the absence of share-based compensation expense since no options were issued during the course of the period. The operating expenses incurred for the twelve-month period ended December 31, 2014 were $469,411 as compared with $640,292 during the same period in 2013. The decrease of $170,881 in the operating expenses was attributable to lower professional and management fees combined with the decrease of the director fees and the absence of stock option issuance during the year. Since there is no public infrastructure and in light of the low commodity prices of iron, a write-down of the accumulated cost of $817,363 relating to the Great Whale property was recorded in 2014...

Finance expenses for the fourth quarter of 2014 were $42,115 compared with $54,339 in the fourth quarter of 2013, the decrease of $12,224 in the current quarter was attributable to the variation of the fair value of the warrants. The finance expenses incurred for the twelve-month period ended December 31, 2014 were $145,939 as compared with $271,380 during the same period in 2013. The decrease of $125,441 in the finance expenses was attributable to accretion fees related to the convertible debentures.

The net loss and the comprehensive loss for the fourth quarter of 2014 was $843,936 or $0.04 per share, compared to a loss of $242,888 or $0.01 per share, for the fourth quarter of 2013. For the twelve-month period, the net loss was $1,296,617 or $0.06 per share, compared to a loss of $902,072, or $0.04 per share, for the same period from the previous year.

3.3 Balance Sheet

The Company's assets on December 31, 2014 totalled $7,330,463 (2013 - $8,743,091), the current assets totalled $462,269 (2013 - $1,061,822) the shareholders' equity totalled $5,271,017 (2013 - $6,695,730) and the cash and cash equivalents totalled $3632980 (2013 - $841, 287).

3.4 Selected Quarterly Financial Information

The following table presents certain extracts of the unaudited quarterly financial statements:

(in $)	2014 Q4	Q3	Q2	Q1	2013 Q4	Q3	Q2	Q1
Statement of Loss								
Revenues	5,000	—	3,000	—	6,600	3,000	—	—
Net Loss	843,936	159,696	143,879	145,106	242,887	133,869	166,699	358,616
Net Loss, per share	(0.04)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.02)

Since the Company has no mining operations at the present time, the Company had no significant revenues over the past years. The variations in net losses result mainly from variations in expenditures relating to professional and special committee fees incurred in connection with private placements and other matters explored by the special committee.

3.5 Current assets

On December 30, 2014 the current assets totalled $462,269 compared to $1,061,822 as of December 31, 2013.

The Company invests solely in liquid, high-grade securities.

The Company considers that these funds are not sufficient to respect all its current commitments. However, the Company intends to raise additional money to finalize the CA issuance and to either extend the terms and conditions or convert the debentures. Furthermore, the Company have to raise additional funds to update the feasibility study as per NI 43-101 once the CA is issued by the MSDEP, before raising substantial funds to proceed to the construction of the mine and the plant.

3.6 Liquidity and capital resources

The Company had $362,980 of cash and cash equivalents as of December 31, 2014, compared to $841,287 as of December 31, 2013.

Operating Activity Cash Flows

Cash flow used in operating activities was $498,428 for the twelve-month period ended on December 31, 2014, a decrease of $121,192 from $619,620 used in the corresponding period of 2013. The decrease of the operating expenses explains this variation in cash flows from operating activities.

Financing Activity Cash Flows

Financing activities resulted in a cash outflow of $112,973 for the twelve-month period ended on December 31, 2014, following the payment of interest. During the same period of previous year, the net cash inflow was $986,733 following the issuance of debentures and warrants, slightly offset by the payment of interest.

Investing Activity Cash Flows

Cash flow from investing activities was $133,084 for the twelve-month period ended on December 31, 2014; during the same period of 2013, cash flow used in investing activities was $229,300 following investments on the GWIP.

3.7 Commitments

The Company has a lease commitment for its premises expiring February 28, 2016 with a company affiliated with a director. Future minimum lease payments total $25,200 and include the following payments over the next two years:

	$
1 year	**21,600**
Over 1 year	**3,600**

4 Related party transactions

Key management personnel compensation

Key management personnel corresponds to the directors of the Company, including the Chief Executive Officer who is remunerated through a salary agreement.

During the twelve-month period ended December 31, the Company incurred the following expenses with key management personnel:

	2014	2013
	$	$
Salary and management fees included in office and administration	**60, 000**	72,000
Directors' fees	**32,416**	69,667

The Company has the following amounts owing to related parties as at December 31:

	2014	2013
	$	$
Debentures:		
Major shareholder	**1,155,169**	1,082,864

In March 2012, the Company signed a sublease agreement with a company affiliated with a director. During the twelve-month period, the Company incurred $21,600 (2013 - $21,600) of rent expenses related to this agreement.

5 Going concern

The Company is in a development stage and has mineral exploration and development properties in the province of Québec. Substantially, all of the Company's efforts are currently devoted to financing, developing and obtaining permits for its niobium property in Oka (the "Oka Niobium Project").

Financial statements have been prepared on a going concern basis which supposed that the Company will pursue its activities in a foreseeable future and will be able to realize its assets or discharge its obligations in the ordinary course of operations. The Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. The Company does not have any revenues coming from its operations that would enable the Company to discharge its obligations in the ordinary course of its operations.

With respect to the Oka Niobium Project, the Company has determined in 1999 that the property contains ore resources which provide a conceptual indication of the potential of the property. The Company's application is under study with the Québec MSDEP and the community of Oka in order to obtain all permits, certificates and other authorizations to allow the Company to develop the Oka Niobium Project.

Management is currently developing a strategy in order to obtain all the required permits and authorization. Accordingly, for the time being, Management's focus is exclusively devoted to the Oka property.

The $1.2 million debentures are maturing on August 19, 2015 and are secured by all the property and assets of the Company. Management is currently negotiating with the debentures holders in order to renew or convert the debentures at the best interest of the Company. If there are no agreements reach before August 19, 2015, the debentures holders may exercise their rights. The ability of the Company to meet its commitments as they become payable, including the acquisitions of mineral properties and the development of projects, is dependent on its ability to obtain necessary financing. The recoverability of amounts shown for mineral properties and exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary authorizations and financing to complete the acquisition, exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in the ordinary course of operations.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

6 Basis of preparation:

Statement of compliance

The financial statements for the three-month and the twelve-month periods ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards (''IFRS''), as issued by the International Accounting Standards Board (''IASB'').

The financial statements were authorized for issue by the Board of Directors on March 23, 2015.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the warrants, which are measured at fair value through profit or loss.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 3 with regards to the determination of capitalizable costs as exploration and evaluation assets (Note 3 c)), impairment of non-financial assets (Note 3 e)) and management's intention to become or not a producer in the future with respect to refundable credit on mining duties (Note 3 g)).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 3 and 6 - recoverability of mining properties and other exploration and evaluation assets;
- Note 3 - assessment of refundable tax credits for resources;
- Note 10 – carrying value of all assets of the Company if no agreement is reach with the debenture holders before August 19, 2015.

7 Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements. The Company's significant accounting policies and estimates under IFRS are disclosed in the audited annual financial statements for the year ended December 31, 2014.

a) Financial instruments:

Non-derivative financial assets
Non-derivative financial assets and liabilities are initially recognized at fair value, plus any attributable transaction costs.

The Company has the following non-derivative financial assets:
Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Non-derivative financial liabilities
The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and debentures. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments
The Company has derivative financial instruments in regards to the warrants which are classified as financial instruments at fair value through profit and loss. Derivative instruments are initially recorded at fair value and subsequent to initial recognition, they are measured at fair value with changes in fair value included in the statement of comprehensive loss at each reporting date as a component of net finance costs.

Fair value hierarchy
The following fair value hierarchy, which reflects the significance of the inputs, is used in making the measurements of fair value of financial assets and liabilities.
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

b) Share capital:

Common shares
Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Warrants
Warrants that are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments are classified as equity.

Warrants that include a contractual obligation to deliver cash or do not meet the fixed requirements of IAS 32 are classified as financial liabilities.

c) Exploration and evaluation assets:

Exploration and evaluation assets include mining properties and other exploration and evaluation costs. Mining properties correspond to acquired interests in mining exploration permits / claims which include the rights to explore for, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditure are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Costs incurred include appropriate technical and administrative overheads. Exploration and evaluation assets are carried at historical cost less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible and intangible mine development assets according to the nature of the assets.

d) Equipment:

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in profit or loss using the declining balance method at the following annual rates, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset:

Computer equipment	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

e) Impairment:

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

The carrying amount of exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

Exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The level identified by the group for the purposes of testing exploration and evaluation assets for impairment corresponds to the mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as net finance expense.

g) Refundable credit on mining duties and refundable tax credit related to resources:

The Company is eligible for a refundable credit on mining duties under the Québec Mining Duties Act. This refundable credit on mining duties is equal to 16% on 50% of the eligible expenses. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, Income Taxes, which generates a deferred tax liability and deferred tax expense simultaneously, since the exploration and evaluation assets have no more tax basis following the Company's election to claim the refundable credit. In the second case, it is expected that no mining duties will be paid in the future; accordingly, the credit on mining duties is recorded as a government grant under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, which is recorded against exploration and evaluation assets. Currently, it is management's intention to have the Company become a producer in the future, as such, credits on mining duties are recorded in compliance with IAS 12, Income Taxes.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources represents up to 38.75% of the amount of eligible expenses incurred and is recorded as a government grant against exploration and evaluation assets.

Credits related to resources and credits on mining duties recognized against exploration and evaluation expenditures are recorded when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the credits. They will be recognized in profit or loss on a systematic basis over the useful life of the related assets.

h) Share-based payments:

The grant date fair value of share-based payment awards granted to employees and directors is recognized as an employee expense, with a corresponding increase in contributed surplus, over the year that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. The Company measures the foods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

i) Leases:

All leases are classified as operating leases and as such the leased assets are not recognized in the Company’s statements of financial position.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

j) Net finance costs:

Net finance costs comprise interest income on funds invested, interest expense using the effective interest method, and changes in the fair value of the warrants.

k) Income tax:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise warrants and share options granted to employees.

m) Segment reporting:

The Company determined that it had only one operating segment, being the mining exploration.

8 Number of Shares Issued

As at December 31, 2014, the number of nominal and fully diluted number of shares of the Company was as follows:

Common shares issued and outstanding	**22,979,868**
Options granted	**1,474,000**
Warrants	**1,000,000**
Total	**25,453,868**

9 Capital Management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

The Company manages its capital structure and makes adjustments to it in accordance with the aforementioned objectives, as well as in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments. There is no dividend policy. The Company is not subject to externally imposed capital requirements. The Company's management of capital remained unchanged since the last period.

10 Risks and uncertainties

The Company needs to obtain a Certificate of Authorization from the MSDEP in order to build the Oka mine project. There is no assurance that the MSDEP will issue this CA or that the CA will be issued in the near future.

The Company needs to secure new equity and debt financing in order to ultimately realize the Oka Project and pursue the exploration/development of other properties it has acquired, particularly that of the Great Whale Iron mineral prospect. Given the nature of the speculative investment it is seeking in the capital markets, there is no assurance that the required financing will be available.

Management serves to maintain a sufficient amount of cash and cash equivalents, and to ensure that the Company has at its disposal sufficient sources of financing such as private placements. The Company establishes cash budgets to ensure it has the necessary funds to fulfill its obligations. Being able to obtain new funds allows the Company to pursue its activities and even though the Company was successful in the past, there is no guarantee that it will succeed in the future.

There are many factors that could affect the Company's results that are not controlled by management, such as market prices, exchange rates, politico-social conflicts, competition and regulatory approvals.

The Company has not renewed its option to the purchase part of the old St-Lawrence Columbium mine site from the Municipality of Oka, which expired on June 30, 2008, pending a decision from the MSDEP relating to the issuance of the Certificate of Authorization. While the Company has a verbal understanding with the municipality of Oka that the parties will wait for the issuance of the CA before finalizing the purchase agreement, there is no assurance that the municipality of Oka will accept to extend this offer to purchase in the future should the Certificate of Authorization be issued by the MSDEP.

The Company takes great care to minimize these risks by carefully choosing consultants and advisors that are experienced leaders in their field of environment, mining engineering and law.

11 Other

The reader is referred to financial statements and notes to financial statements for more details. These are filed on SEDAR at www.sedar.com. Additional information relating to the Company, including the Company's Annual Information Form, may be consulted on SEDAR at www.SEDAR.com.

(signed)
Hubert Marleau
Chairman, President and Chief Executive Officer
March 23, 2015