NIOCAN INC.

ANNUAL REPORT

2009

Management's Discussion and Analysis

(in Canadian dollars, unless otherwise indicated, and in accordance with GAAP)

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to assist in the understanding and assessment of trends and significant changes in the results of operations and financial condition of the Company. As such, it should be read in conjunction with the audited financial statements for the year ended December 31, 2009.

Forward Looking Statements

Certain statements contained in this Management's Discussion and Analysis are forward-looking and are subject to numerous risks and uncertainties, known and unknown. For information identifying known risks and uncertainties, relating to the issuance by the Ministry of Environment of the Certificate of Authorization 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 Certificate of Authorization 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 Certificate of Authorisation ("CA") from the Ministry of Sustainable Development, Environment and Parks ("MSDEP"). In the long term, the Company plans to recover some byproducts 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 resource). 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

Following the end of the 2009 financial year, in February 2010, the Company announced its report on the mineral resources at its Oka property as per NI 43-101 and the CIM mineral resources classifications. This report was prepared by Mr. Serge Lavoie, geological engineer and qualified person (QP), 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 Serge Lavoie (QP) in December 2009 are:

Resources Classification at a 0.40% cut off grade Nb_2O_5	Tonnes (x MM)	% Nb_2O_5
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 deposits on the property.

Other Deposits	Historical Resources
HWM-2	5.9 x 10^6T at 0.56% Nb_2O_5
SLC ore below 300m plus zones 112 – 114	21.7 x 10^6T at 0.44% Nb_2O_5

These mineral resources are historical in nature and have not been validated by the independent 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 and mining.

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 decision is based on the current ferroniobium price of $21 USD per pound. 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 annual production rate in these studies was set at 4,370 tonnes of ferroniobium or 6.3 million pounds of payable niobium product. The daily milling rate, for these studies, remained unchanged at 2,500 tonnes per day.

During the fourth quarter and throughout the year ended December 31, 2009, Niocan has continued to enquire upon the MSDEP in efforts to obtain the Certificate of Authorization which would allow the Company to build a mine in Oka. The Company has exchanged correspondence and has contacted the MSDEP. The Company has received to date no indication as to whether the MSDEP intends to issue the Certificate of Authorization, nor the timing of such decision. However the Company has received a written confirmation from the MSDEP during the first quarter of 2008 that the MSDEP was consulting the first nations in Kanasetake in relation to the Company's plan to build its mine in Oka.

The Company's management has met with the Mohawks Council of Kanasetake on two occasions, in February and April 2008, and has also held a public presentation for the community of Kanasetake 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 the mine project in the Ste-Sophie range of Oka located 6 kilometers from Kanasetake. 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) BAPE ("Bureau d'Audiences Publiques sur l'Environnement") 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.

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%). It will be interesting for Niocan to update its 2000 feasibility study considering the evolution in the price of ferroniobium, which was at $6.83 USD/pound in 2002, has reached $26.50 USD in May 2007, $21.50 USD in January 2008 and $21 USD/pound on December 31, 2009. IamGold, owner of the Niobec mine, announced in its press release dated June 11, 2009 that the price of niobium was of $35 USD/kg ($15.90 USD/pound). 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 niobium ore processing for 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.

b) <u>Great Whale Iron Property ("GWIP")</u>

The Great Whale Iron Property 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. 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 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. Niocan wishes to identify a joint-venture partner with the financing capability to share the cost of a conceptual-scoping study for a percentage of ownership while eventually retaining a position in this historical mineral prospect, referring to the geological works done in the 60's. Once the project is started, the Company expects that it would take approximately three (3) calendar seasons to conduct this study.

From July 1st to July 10, 2009, the Company proceeded to an expedition to the Great Whale Iron Property 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 (Met-chem) 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 by magnetic separation.

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 within the next 5-10 years 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).

c) James Bay Niobium Property

There has been no new development on the future positioning of Niocan on this niobium mineral prospect in James Bay. The Company plans to revisit this subject with the 40% owners of the mining rights, who have also the management rights, at the proper time depending on the Oka mine development.

2. Results of Operations

2.1 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 2009, 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.

Also, as further detailed above, the Company also announced during the first quarter of 2010 that its Oka niobium ore resources were reproduced as per NI 43-101 requirements by a qualified person. 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.

In accordance with the 1998 and 2000 feasibility studies mentioned above, the construction of the mine and of the plant would take two (2) years and would require one hundred and ten million dollars ($110,000,000) in funds. Since these estimates are over 9 years old, they will have to be updated to take into account, amongst other things, the increase in the price of Niobium as well as increased construction costs.

To date, $5,105,698 has been capitalized in the Company's financial statements relatively to deferred expenditures for this project. These essentially consist in geotechnical studies, feasibility studies and studies for the design of the Oka Niobium mining project.

b) Great Wale Iron Property

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, and rather is looking for a partner with the financial capability to share the costs of a conceptual-scoping study in exchange for a participation in this property.

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.

In 2009, $410,646 was capitalized in the Company's financial statements relatively to deferred expenditures for this project. These essentially consist in the study prepared by Met-Chem and fees relating to the land survey made by the Company's geologists, as well as costs engaged during the third and fourth quarters of 2009 for the metallurgical testing at Corem.

2.2 Results of Operations for the Twelve Months Ended December 31, 2009, Compared to the Twelve Months Ended December 31, 2008

Niocan's revenues for the period ended December 31, 2009 consist of interest from bank deposits as well as revenues from leases, which amounted to $$19,096 ($52,809 in 2008). The reduction in revenues result from lower revenues from interest, since the Corporation's investments were lower in 2009 compared to 2008.

The expenses incurred for the period ended December 31, 2009 in a total amount of $665,845 ($525,290 in 2008) consist mainly in non-cash expenses relating to the grant of stock options ($205,330, compared to $180,600 in 2008), professional fees ($195,862, compared to $92,247 in 2008), office and administration fees ($79,460, compared to $71,549 in 2008), directors fees ($40,000, compared to $39,567 in 2008) and trustee and registration fees ($54,611, compared to $46,978 in 2008). The professional fees have increased in 2009 compared to 2008, due to an increase in expenses related to the updating of the OPEX/CAPEX, the qualification of the resources according to NI 43-101 and consultations with geologists for the GWIP field sampling.

2.3 Selected Annual Information

The following table presents certain financial information extracted from the Company's audited financial statements for the last three years:

	2009 ($)	**2008 ($)**	**2007 ($)**
Revenues	19,096	52,809	52,665
Net loss	646,749	472,481	670,874
Net loss per share	0.03	0.02	0.04
Total assets	7,694,930	8,040,659	7,219,139
Total long-term liabilities	0	0	0

Note: The Company has not declared any abandoned activity or extraordinary elements, and the Company has not declared any dividend.

Since the Company has no mining operations at the present time, the Company has had no significant revenues over the past three years. The variations in net losses are mainly related to variations in expenditures relative to engineering studies made for the Company's account, as well as non cash expenses relating to the grant of stock options.

2.4 Balance Sheet

The Company's total assets on December 31, 2009 totalled $7,694,930 ($8,040,659 on December 31, 2008). On December 31, 2009, the current assets totalled $864,910 ($1,703,303 on December 31, 2008), the shareholder's equity totalled $7,448,453 ($7,889,872 on December 31, 2008) and the cash and cash equivalents totalled $750,303 ($1,592,088 on December 31, 2008).

2.5 Summary Quarterly Information

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

Quarterly Information			
Quarter Ended	**TOTAL REVENUE ($)**	**NET LOSS ($)**	**NET LOSS PER SHARE ($)**
December 31, 2009	3,967	152,916	0.01
September 30, 2009	7,399	114,552	0.01
June 30, 2009	1,581	286,471	0.01
March 31, 2009	6,149	92,809	0.01
December 31, 2008	24,722	58,149	0.01
September 30, 2008	11,779	124 233	0.01
June 30, 2008	6,582	216,140	0.01
March 31, 2008	9,726	133,360	0.01

The Company had no significant revenues over the past eight quarters. The variations in net losses result mainly from variations in expenditures relative to engineering studies made for the Company's account, as well as non-cash expenses relating to the grant of stock options.

2.6 Liquidities

On December 31, 2009, the short term assets totalled $864,910 ($1,703,303 on December 31, 2008).

The Company invests solely in liquid, high-grade securities. The Company does not invest in asset backed commercial paper.

The Company considers that these funds are sufficient to respect all its current commitments. However, additional funding will be required to finance the Company's two main projects, being the Great Whale project and the Oka project. As for the Oka project, the Company currently will 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.

2.7 Commitments

The Company has a lease commitment for premises in Montreal amounting to approximately $33,000 per year.

On April 24, 2006, the Company renewed its agreement with the Municipality of Oka granting the Corporation an option to acquire the front half of the St-Lawrence Columbium site for a purchase price of $200,000; such renewal agreement was to expire on December 31, 2007, and was further renewed by the Corporation until June 30, 2008. An amount of $45,000 has been paid to the Municipality of Oka since the signature of this agreement. The Company was interested in acquiring this property to use it as a waste dump for the future niobium mine in Oka and the Company, if it had purchased such property, would also commit to restore and clean a small adjacent site. The Company has decided to postpone discussions relating to the renewal of such option agreement with the Municipality of Oka at the present time, pending further news from the MSDEP relating to the issuance of the CA.

2.8 Fourth Quarter Results

The following table provides certain financial information extracted from the Company's unaudited quarterly financial statements:

Revenues ($)			**Net Loss ($)**		
Q4 2009	**Q4 2008**	**Difference**	**Q4 2009**	**Q4 2008**	**Difference**
3,967	24,722	20,755	152,916	58,149	94,767

During the fourth quarter of 2009, the Company generated revenues of $3,967 ($24,722 in 2008) and a net loss of $152,916 ($58,149 in 2008). The net loss was higher in 2009 compared to 2008 due to increased expenditures relating to studies made for the account of the Company, namely the qualification as per NI 43-101 of the mineral resources of the Oka niobium property, the socio-economic study performed by KPMG as well as the metallurgic testing in relation to the GWIP and the OPEX/CAPEX review for internal use only.

3. Related party transactions

During the year ended December 31, 2009, there were no related-party transactions, other than the payment of fees to Mr. Coulombe for his duties as President of the Company and the payment of Director fees.

4. Significant accounting policies

Use of estimates:

The preparation of Financial Statements in conformity with generally accepted accounting principles in Canada requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

We refer you to the notes 2 and 3 of the Company's financial statements for the year ended December 31, 2009, which details certain accounting policies used in the preparation of the financial statements.

5. Mining and exploration properties

Mining assets include mining rights in two properties and deferred exploration expenses, 48 claims covering 1604 acres as well as surface rights on 231 acres (110 hectares) at Oka and 17 098 acres of claims on the Hudson Bay area (Great Whale iron ore). The claims for GWIP were renewed until 2011.

Exploration expenses are deferred until the economic viability of the projects have been established, at which time the expenses will be added to mining properties. Expenses are written off when properties are abandoned or when expense recovery is uncertain. Management has defined uncertainty as either, there are no financial resources available for development over a period of three consecutive years, or results from exploration work not warranting further investment.

6. Change in Accounting Policies

We refer you to note 2 of the Company's financial statements for the year ended December 31, 2009, which provides further information on the changes in accounting policies.

7. Effects of New Accounting Standards Not Yet Implemented

Adoption of International Financial Reporting Standards (IFRS) in Canada

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011. The Corporation will obtain adequate training regarding IFRS and elaborate a plan of action to be ready for the conversion for the 2011 year.

The Corporation has commenced the planning phase, and is currently preparing a detailed evaluation and implementation plan. Based on a preliminary evaluation, the following IFRS could have an impact on the financial statements of the Corporation:

IFRS 1: This guideline details the steps to follow when implementing the IFRS for a first time.

IFRS 2: Payments based on shares: When the purchase is gradual, this IFRS requires that each purchase be evaluated and accounted for separately.

IFRS 6: According to this IFRS, the corporation must establish an accounting policy in order to identify which exploration expenses and which mineral resources should be capitalized.

IAS 36: (International Accounting Standards): This standard concerns the depreciation method for assets evaluated based on the present value of future cash flows.

The Corporation's accounting system is a basic system and the Corporation believes it can adapt the system to the IFRS

8. Number of Shares Issued

As at December 31, 2009, the number of nominal and fully diluted number of shares of the Corporation was as follows:

Common shares issued and outstanding	20,763,833
Options granted	2,677,000
Warrants	0
Convertible debentures	0
Total	23,440,833

9. Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Disclosure Controls and Procedures

National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators requires Chief Executive Officers ("CEOs") and Chief Financial Officers ("CFOs") to certify that they are responsible for establishing and maintaining disclosure controls and procedures for the Company, that disclosure controls and procedures have been designed and are effective in providing reasonable assurance that material information relating to the Company is made known to them, that they have evaluated the effectiveness of the Company's disclosure controls and procedures, and that their conclusions about the effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the Company.

Under the supervision of and with the participation of management, including the President and Chief Executive Officer and Interim Chief Financial Officer, we have evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2009 and direction concluded that, disclosure controls and procedures contain a material weakness due to inadequate segregation of duties between the authorization, recording, review and reconciliation of purchases and sales and recording of cash receipts and bank account reconciliations. This material weakness has the potential to result in a material misstatement in the company's financial statements, and should also be considered a material weakness in its internal control over financial reporting. Management and Board of Director has concluded and agreed that, taking into account the present stage of the company's development and the best interests of its shareholders, the company does not have sufficient size and scale to warrant the hiring of an additional staff to correct this weakness at this time.

Internal controls over financial reporting

National Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the Company, that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that the Company has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Under the supervision of and with the participation of management, including the President and Chief Executive Officer and the interim Chief Financial Officer, we have evaluated the effectiveness of internal controls over financial reporting as of December 31, 2009 and we have concluded that, the internal control over financial reporting contain a material weakness due to inadequate segregation of duties as previously mentioned in the "*Disclosure Controls and Procedures*" section.

To evaluate the efficiency of the internal controls over financial reporting, management used the recognized and suited entitled working environment Internal Control Integrated Framework, issued by Committee of sponsoring Organizations of the Treadway Commission ("COSO").

10. Risks and uncertainties

The Corporation 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 Corporation 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.

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 Corporation 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.

Bernard Coulombe
Director,
President and Chief Executive Officer
March 17, 2010

Financial Statements of

NIOCAN INC.

Years ended December 31, 2009 and 2008

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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Niocan Inc. as at December 31, 2009 and 2008, and the statements of operations, comprehensive loss and deficit, deferred exploration expenditures and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP*

Chartered Accountants

Montréal, Canada

February 5, 2010

*CA Auditor permit no 14006

NIOCAN INC.

Balance Sheets

December 31, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	$ 750,303	$ 1,592,088
Accounts receivable	35,397	21,538
Prepaid expenses and deposits	79,210	89,677
	864,910	1,703,303
Equipment (note 4)	6,789	8,912
Land	506,887	506,887
Mining properties and deferred exploration expenses (note 5)	6,316,344	5,821,557
	$ 7,694,930	$ 8,040,659
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 246,477	$ 150,787
Shareholders' equity:		
Capital stock (note 6)	12,853,902	12,853,902
Contributed surplus (note 7)	1,173,450	968,120
Deficit	(6,578,899)	(5,932,150)
	7,448,453	7,889,872
Commitments and contingencies (note 12)		
	$ 7,694,930	$ 8,040,659

See accompanying notes to financial statements.

On behalf of the Board:

(signed) Bernard Coulombe Director

(signed) Hubert Marleau Director

NIOCAN INC.

Statements of Operations, Comprehensive Loss and Deficit

Years ended December 31, 2009 and 2008

	2009	2008
Interest and other revenues	$ 19,096	$ 52,809
Expenses:		
Professional fees	195,862	92,247
Directors' fees	40,000	39,567
Cost of options granted (note 7)	205,330	180,600
Rent	34,430	35,899
Office and administration	79,460	71,549
Trustees and registration fees	54,611	46,978
Taxes and permits	11,164	10,469
Travel and business development	23,226	26,746
Insurance	13,040	12,972
Telecommunications and Website	5,856	5,057
Amortization	2,123	2,835
Interest and bank charges	743	371
	665,845	525,290
Net loss and comprehensive loss	(646,749)	(472,481)
Deficit, beginning of year	(5,932,150)	(5,400,269)
Share issue expenses	-	(59,400)
Deficit, end of year	$ (6,578,899)	$ (5,932,150)
Net loss per share, basic and diluted	$ (0.03)	$ (0.02)

See accompanying notes to financial statements.

NIOCAN INC.

Statements of Deferred Exploration Expenditures

Years ended December 31, 2009 and 2008

	2009	2008
Balance, beginning of year	$ 5,021,557	$ 4,767,600
Increase:		
Environmental and feasibility studies	427,598	360,293
Other	67,189	-
	494,787	360,293
Less credits for mining rights and resource credits	-	(106,336)
Balance, end of year	$ 5,516,344	$ 5,021,557

See accompanying notes to financial statements.

NIOCAN INC.
Statements of Cash Flows

Years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Net loss and comprehensive loss	$ (646,749)	$ (472,481)
Adjustments for:		
Cost of options granted	205,330	180,600
Amortization	2,123	2,835
Net change in non-cash operating working capital	92,298	66,387
	(346,998)	(222,659)
Cash flows from financing activities:		
Issue of capital stock	-	1,096,500
Share issue expenses	-	(59,400)
	-	1,037,100
Cash flows from investing activities:		
Addition to equipment	-	(4,865)
Deferred exploration expenditures, net of credits	(494,787)	(253,957)
	(494,787)	(258,822)
(Decrease) increase in cash and cash equivalents	(841,785)	555,619
Cash and cash equivalents, beginning of year	1,592,088	1,036,469
Cash and cash equivalents, end of year	$ 750,303	$ 1,592,088

See accompanying notes to financial statements.

The Company, incorporated under Part 1A of the Québec Companies Act on August 29, 1995, holds a niobium property in Oka, Québec and exploration properties in the province of Québec.

1. Nature of operations and 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 Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects, excluding its Oka Niobium Project, contain ore reserves that are economically recoverable. With respect to the Oka Niobium Project, the Company has determined in 1999 that the property contains ore reserves which are economically recoverable. 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 is dependent upon the ability of the Company to obtain necessary financing to complete the acquisition, exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties.

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 anything other than 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. Change in accounting policies:

Accounting policies adopted during the year:

(i) Goodwill and intangible assets:

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and amends Section 1000, *Financial Statement Concepts*. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and other intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This new standard is applicable to fiscal years beginning on or after October 1, 2008 and the Company implemented it as of January 1, 2009.

The implementation of this new standard did not have a significant impact on the financial position or the results of the Company.

(ii) Financial instruments - disclosures:

In June 2009, the AcSB issued amendments to CICA Handbook Section 3862, *Financial Instruments - Disclosures*, in order to align with International Financial Reporting Standard IFRS 7, *Financial Instruments: Disclosures*. This Section has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The amendments apply to annual financial statements relating to fiscal years ended after September 30, 2009 and are applicable to the Company as at December 31, 2009. The amended Section relates to disclosure only and did not impact the financial results of the Company.

Future accounting pronouncements:

(i) International financial reporting standards:

In February 2008, the Accounting Standards Board ("AcSB") announced that accounting standards in Canada would converge with IFRS and that public companies would be required to present their financial statements, with comparative data, under these standards for fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact of these requirements on its financial statements.

3. Significant accounting policies:

(a) Mining and properties and deferred exploration expenditures:

Mining assets consist of deferred expenditures and development costs related to properties for which economically recoverable reserves exist. Mining assets are, upon commencement of production, depleted over the estimated life of the ore reserve to which they relate or are written off if the property is abandoned or when there is an impairment in value.

Exploration assets are carried at cost. Exploration and development expenses relating to a non-producing property are deferred until the property is brought into production or abandoned. If exploration work does not provide positive results or upon abandonment, these costs are charged to earnings. Management reviews the carrying values of assets on a regular basis to determine whether any write-downs are necessary.

Recovery of the cost of mining and exploration assets depends on the discovery of economically recoverable ore reserves for the exploration assets, the Company's ability to obtain the necessary financing to complete the exploration and development of the properties and future profitable production or the disposal of the properties for proceeds in excess of their carrying value.

(b) Equipment:

Equipment is stated at cost. Depreciation is provided using the declining balance method at the following annual rates:

Asset	Rate
Equipment and furniture	20%
Computer equipment	30%

(c) Stock-based compensation:

The Company records stock-based compensation to its participants at fair value. According to the fair value method, a compensation expense is charged to operating expenses based on the fair value of the stock options issued over their vesting period. Upon the exercise of stock options, capital stock is credited in the amount paid plus the corresponding employee compensation expense previously recorded.

3. Significant accounting policies (continued):

(d) Future income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying values and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates anticipated to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date or the substantively enacted date.

The Company renounces tax deductions relating to resource expenditures that are financed by the issuance of flow-through shares for the benefit of its shareholders, as permitted by the tax legislation.

Under the asset and liability method used to account for income taxes, future income taxes related to the temporary differences created by this renouncement are recorded in accordance with EIC-146 when the Company renounces these deductions and a corresponding cost of issuing the securities is also recorded.

(e) Resource tax credits and mining rights:

The Company incurs exploration expenses that are eligible for tax credits. The tax credits are recorded based on the estimated amounts to be recovered. The amounts claimed are subject to an audit by the tax authorities.

Tax credits on exploration costs relating to mining and exploration assets are deducted from the related asset.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Significant areas requiring the use of estimates relate to assessing the realizable values of mining and exploration assets. Consequently, actual results could differ from those estimates.

3. Significant accounting policies (continued):

(g) Cash and cash equivalents:

The Company considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents. The major components of cash and cash equivalents are as follows:

	2009	2008
Cash	$ 96,710	$ 26,255
Money market fund (effective interest rate of 0.51% (2008 - 1.6%))	653,593	1,565,833
	$ 750,303	$ 1,592,088

(h) Financial instruments:

Sections 3855 and 3865 establish standards for recognizing and measuring financial assets, financial liabilities and derivatives. Under these standards, financial instruments are now classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities, and measurement in subsequent periods depends on their classification. Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are capitalized on initial recognition and presented as an adjustment to the underlying financial instruments. Financial assets and financial liabilities held-for-trading are measured at fair value with changes recognized in income. Available-for-sale financial assets are measured at fair value or at cost, in the case of financial assets that do not have a quoted market price in an active market, and changes in fair value are recorded in comprehensive income.

Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. The Company has classified its cash and cash equivalents as held-for-trading. Accounts receivable were classified as loans and receivables. All of the Company's financial liabilities were classified as other financial liabilities.

4. Equipment:

			2009
	Cost	Accumulated amortization	Net book value
Equipment and furniture	$ 16,565	$ 12,157	$ 4,408
Computer equipment	16,760	14,379	2,381
	$ 33,325	$ 26,536	$ 6,789

			2008
	Cost	Accumulated amortization	Net book value
Equipment and furniture	$ 16,565	$ 11,055	$ 5,510
Computer equipment	16,760	13,358	3,402
	$ 33,325	$ 24,413	$ 8,912

5. Mining properties and deferred exploration expenses:

			2009
	Cost of properties	Deferred expenditures	Total
Oka	$ 800,000	$ 5,105,698	$ 5,905,698
Grande-Baleine	-	410,646	410,646
	$ 800,000	$ 5,516,344	$ 6,316,344

5. Mining properties and deferred exploration expenses (continued):

			2008
	Cost of properties	Deferred expenditures	Total
Oka	$ 800,000	$ 4,793,581	$ 5,593,581
Grande-Baleine	-	227,976	227,976
	$ 800,000	$ 5,021,557	$ 5,821,557

(a) Oka property:

The Oka mining property consists of mining rights comprised of 48 claims covering 1,604 acres, and surface rights on 231 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.

(b) Grande-Baleine property:

The Company owns a 100% interest in surface and mining rights for the iron property of Grande-Baleine covering 17,097.93 acres on the Hudson Bay territory.

6. Capital stock:

Authorized:

An unlimited number of common shares, without par value

6. Capital stock (continued):

	2009	2008
Issued:		
20,763,833 common shares (2008 - 20,763,833)	$ 12,853,902	$ 12,853,902

During 2009, the Company did not issue any common shares (2008 - 30,000 common shares against $16,500 cash following the exercise of stock options and 1,800,000 shares against $1,080,000 cash pursuant to a private placement).

7. Stock option plan:

Under the stock option plan for the benefit of the directors and officers of the Company, 2,950,000 common shares are available and their life cannot exceed 10 years. The options vest immediately upon issuance.

The number of stock options outstanding fluctuated as follows:

	2009		2008	
	Number of shares	Average exercisable price	Number of shares	Average exercisable price
Balance, beginning of year	2,712,000	$ 0.66	2,502,000	$ 0.64
Issued	730,000	0.33	360,000	0.59
Expired	(765,000)	0.56	(120,000)	0.55
Exercised	-	-	(30,000)	0.55
	2,677,000	$ 0.60	2,712,000	$ 0.66

7. Stock option plan (continued):

As at December 31, 2009, the following total options were outstanding and could be exercised. The exercise price and the maturing dates are as follows:

105,000	shares at $0.72 per share until November 13, 2010
240,000	shares at $0.53 per share until March 26, 2012
40,000	shares at $0.50 per share until June 11, 2012
120,000	shares at $0.85 per share until September 15, 2013
175,000	shares at $1.10 per share until March 17, 2014
77,000	shares at $0.98 per share until March 2, 2015
130,000	shares at $0.44 per share until August 31, 2016
160,000	shares at $0.40 per share until January 8, 2017
540,000	shares at $0.72 per share until August 2, 2017
120,000	shares at $0.50 per share until January 23, 2018
240,000	shares at $0.63 per share until May 8, 2018
580,000	shares at $0.34 per share until May 3, 2019
150,000	shares at $0.31 per share until August 20, 2019

During the year ended December 31, 2009, the Company granted 730,000 stock options at a price of $0.34 for 580,000 shares and $0.31 for 150,000 shares (2008 - 360,000 options at a price of $0.63 for 240,000 shares and $0.50 for 120,000 shares). These options vest immediately. The fair value of each option granted was determined using the Black-Scholes option pricing model. At the date of the grant, the weighted average fair value of stock options granted was $0.255 (2008 - $0.501) per option. The following weighted average assumptions were used in these calculations:

	2009	2008
Risk-free interest rate	2.25%	4%
Expected life	10 years	10 years
Expected volatility	72%	85%
Expected dividend yield	-%	-%

Contributed surplus:

	2009	2008
Balance, beginning of year	$ 968,120	$ 787,520
Stock-based compensation	205,330	180,600
Balance, end of year	$ 1,173,450	$ 968,120

8. Income tax:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 30.9% (2008 - 30.9%) as a result of the following:

	2009	2008
Loss before taxes	$ (646,749)	$ (472,481)
Computed "expected" tax recovery	$ (199,845)	$ (145,997)
Increase in income taxes resulting from:		
Stock-based compensation non-deductible expenses	63,446	55,805
Unrecognized tax benefits	113,604	68,000
Impact of decrease in income tax rate on future income tax balance	22,795	22,192
	$ -	$ -

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

	2009	2008
Future tax assets:		
Operating loss carry forwards	$ 763,000	$ 814,000
Financing costs	10,000	12,000
Credits and other	344,000	326,000
	1,117,000	1,152,000
Valuation allowance	(221,000)	(278,000)
	896,000	874,000
Future tax liabilities:		
Mining properties	(216,000)	(216,000)
Deferred exploration expenditures	(680,000)	(658,000)
	(896,000)	(874,000)
Net future tax assets	$ -	$ -

8. Income tax (continued):

As at December 31, 2009, the Company has tax losses of approximately $2,692,000 available to apply against future taxable income as follows:

Expiry date		Amount
2010	$	363,000
2014		380,000
2015		482,000
2026		228,000
2027		327,000
2028		462,000
2029		450,000

The Company also has Canadian exploration expenditures of approximately $2,865,000 which may be deducted from future taxable income.

9. Related party transactions:

During the year, the Company incurred the following expenses with directors or companies controlled by a director of the Company. These transactions were measured at the exchange amount.

		2009		2008
Administration expenses - professional fees	$	29,000	$	32,300
Administration expenses - directors' fees		40,000		39,567
Share issue expenses - commission		-		59,400

10. Financial instruments and risk management:

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

10. Financial instruments and risk management (continued):

The Company's main financial risk exposure and its financial risk management policies are as follows:

(a) 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. Cash equivalents consist of money market funds.

(b) Interest rate risk:

The cash and cash equivalents bear interest at a variable rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

(c) 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.

10. Financial instruments and risk management (continued):

(d) Fair value:

The fair value of financial instruments is summarized as follows:

	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Held-for-trading				
Cash and cash equivalents	$ 750,303	$ 750,303	$ 1,592,088	$ 1,592,088
Loans and receivables				
Taxes and other receivables	35,397	35,397	21,538	21,538
Financial liabilities				
Other liabilities				
Accounts payable and accrued liabilities	246,477	246,477	150,787	150,787

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about financial instruments.

Financial assets held-for-trading are measured at fair value - Level 1.

11. 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.

In the management of capital, the Company includes the components of shareholders' equity, cash and cash equivalents as well as short-term investments.

11. Capital disclosures (continued):

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. The Company does not use long-term debts since it does not generate operating revenues. 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.

12. Commitments and contingencies:

(i) The Company has a lease commitment for premises, and the minimum amount payable is $20,024 in 2010.

(ii) On February 2, 2004, the Company entered into a purchasing agreement with the city of Oka for the acquisition of the St. Lawrence Columbium site in the amount of $200,000. A total non-refundable amount of $40,000 was paid, and the balance of $160,000 will be payable at the beginning of the construction work on the site. The Company has also committed itself to restore and clean an adjacent site. The acquisition of the site and the commitment for the restoration and clean-up of the adjacent site are conditional on obtaining all necessary permits, certificates and other authorizations from the ministère du Développement durable, de l'Environnement et des Parcs (MDDEP) du Québec for the Oka project.

(iii) The Company has been named a defendant in a legal action claiming damages in the amount of $172,000. Management is of the opinion that there is a strong defence against the claim. Accordingly, no provision for losses has been reflected in the accounts of the Company for this matter.