

NIOCAN INC.

FINANCIAL STATEMENTS  
(unaudited)

Three-month period ended March 31, 2006

MONTREAL (QUEBEC)

NIOCAN INC.

FINANCIAL STATEMENTS  
(unaudited)

March 31, 2006

Financial Statements

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**Certification of the president**

To the shareholders of  
NIOCAN INC.

I, Bernard Coulombe, Chairman of the Board of NIOCAN INC., certify the following :

1. I reviewed the interim filings (within the meaning of the Multilateral Instrument 52-109 Certification of Issuer's Annual and Interim Filings) of NIOCAN INC. for the interim period ending March 31, 2006.
2. To my knowledge, the interim filings do not contain any misrepresentations concerning important facts and do not omit any important fact that must be declared or that must be included in a declaration that is not misleading, considering the circumstances under which it was made, during the period to which the interim filings relates.
3. To my knowledge, the interim financial statements and the other financial information in the interim filings present fairly, in all significant respects, the financial position at the end of the periods included in the interim filings, and the results of its operations and its cash flows during the periods to which the interim filings relate.

May 18, 2006



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Bernard Coulombe, Chairman of the Board

## NIOCAN INC.

Report to the shareholders

March 31, 2006, with comparative  
figures for December 31, 2005

## BALANCE SHEET

	March 31, 2006 <u>(unaudited)</u>	December 31, 2005 <u></u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 21,495	\$ 31,988
Short-term investment, at cost	1,764,632	1,949,060
Accounts receivable	23,221	18,200
Prepaid expenses	<u>31,902</u>	<u>32,975</u>
	1,841,250	2,032,223
Equipment (note 2)	9,142	9,664
Land	506,887	506,887
Mining properties (note 3)	800,000	800,000
Deferred expenditures, net of credits	<u>4,443,890</u>	<u>4,356,083</u>
	<u>\$ 7,601,169</u>	<u>\$ 7,704,857</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	<u>4,051</u>	<u>66,708</u>
Shareholders' equity:		
Capital stock (note 4)	11,686,202	11,686,202
Contributed surplus	368,740	368,740
Deficit	<u>-4,457,824</u>	<u>-4,416,793</u>
	<u>7,597,118</u>	<u>7,638,149</u>
	<u>\$ 7,601,169</u>	<u>\$ 7,704,857</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

## NIOCAN INC.

Report to the shareholders

3-month period ended March 31, 2006, with  
comparative figures for 2005

### STATEMENT OF OPERATIONS AND DEFICIT (unaudited)

	3-month period ended March 31	
	2006	2005
Revenue:		
Interest received	\$ 15,572	\$ 19,899
Leases	5,100	-
	20,672	19,899
Expenses:		
Cost of options granted	-	51,590
Insurance	3,440	3,440
Travel and business development	1,225	5,629
Reports to shareholders	9	33,666
Trustees and registration fees	11,636	11,998
Interest and bank charges	87	82
Professional fees	14,741	163,059
Rent	5,106	5,550
Office	13,450	6,473
Maintenance	4,671	-
Taxes and permits	5,815	9,177
Telecommunications and web site	1,001	1,504
Amortization	522	673
	61,703	292,841
Net loss	\$ 41,031	\$ 272,942

See accompanying notes to financial statements.

NIOCAN INC.

Report to the shareholders

3-month period ended March 31, 2006, with  
comparative figures for 2005

STATEMENT OF OPERATIONS AND DEFICIT  
(unaudited)

	Three-month period ended March 31	
	<u>2006</u>	<u>2005</u>
Net loss	41,031	272,942
Deficit, beginning of period	<u>4,416,793</u>	<u>3,845,266</u>
Deficit, end of period	\$ <u><u>4,457,824</u></u>	\$ <u><u>4,118,208</u></u>
Net loss per share, basic and diluted	\$ <u><u>0.01</u></u>	\$ <u><u>0.01</u></u>

See accompanying notes to financial statements.

NIOCAN INC.

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3-month period ended March 31, 2006, with  
comparative figures for 2005

STATEMENT OF DEFERRED EXPENDITURES  
(unaudited)

	3-month period ended March 31	
	<u>2006</u>	<u>2005</u>
Balance, beginning of period	\$ 4,356,083	\$ 4,222,165
Increase :		
Environmental study	87,807	72,652
Market study	-	5,400
Due diligence on mining properties	<u>-</u>	<u>4,103</u>
	87,807	82,155
Less credit for mining rights and resource credits	<u>-</u>	<u>-27,647</u>
	<u>87,807</u>	<u>54,508</u>
Balance, end of period	<u>\$ 4,443,890</u>	<u>\$ 4,276,673</u>

See accompanying notes to financial statements.

NIOCAN INC.

Report to the shareholders

3-month period ended March 31, 2006, with  
comparative figures for 2005

STATEMENT OF CASH FLOWS  
(Unaudited)

	3-month period ended March 31	
	<u>2006</u>	<u>2005</u>
Operating activities:		
Net loss for the period	\$ -41,031	\$ -272,942
Adjustments for:		
Amortization	522	673
Cost of options granted	-	51,590
Net change in non-cash operating working capital item	<u>-66,605</u>	<u>90,680</u>
	-107,114	-129,999
Investing activities:		
Deferred expenditures net of credits	<u>-87,807</u>	<u>-54,508</u>
Net increase (decrease) in cash and cash equivalents	-194,921	-184,507
Cash and cash equivalents, beginning of period	<u>1,981,048</u>	<u>2,590,203</u>
Cash and cash equivalents, end of period	<u>\$ 1,786,127</u>	<u>\$ 2,405,696</u>

Cash and cash equivalents are composed of cash and short-term investment maturing  
within 90 days.

See accompanying notes to financial statements.

**NIOCAN INC.**

Report to the shareholders

Period ended March 31, 2006

**NOTES TO FINANCIAL STATEMENTS**

The Company, incorporated under Part 1A of the Quebec Companies Act on August 29, 1995, holds a niobium property in Oka, Quebec and exploration properties in the province of Quebec. The Company is at the stage of development of its mineral properties and has determined in 1999 that these properties contain ore reserves which are economically recoverable.

**1. Significant accounting principles :****(a) Mining properties and deferred expenditures :**

Mining assets consist of deferred expenditures and development cost related to property for which economically recoverable reserve 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 disposal of the properties for proceeds in excess of their carrying value.

**(b) Fixed assets :**

Fixed assets are 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%

**NIOCAN INC.**

Report to the shareholders

Period ended March 31, 2006

## NOTES TO FINANCIAL STATEMENTS

**1. Significant accounting principles (continued) :**

## (c) Stock-based compensation and other stock-based payments :

The Company adopted the new accounting recommendations published by the Canadian Institute of Chartered Accountants (“CICA”) relating to stock-based compensation and other stock-based payments made in exchange for goods and services. Effective as of January 1, 2004, the Company uses the fair value method to record the stock options granted to all participants.

## (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 affect on future tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment 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) Use of estimates :

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reporting period.

Significant areas requiring the use of estimates relate to assessing the realizable values of properties and deferred exploration costs. Consequently, actual result could differ from those estimates.

**NIOCAN INC.**

Report to the shareholders

Period ended March 31, 2006

## NOTES TO FINANCIAL STATEMENTS

**1. Significant accounting principles (continued) :**

## (f) 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 equivalent are as follows :

	March 31, 2006	December 31, 2005
Cash	\$ 21,495	\$ 31,988
Money market fund	1,764,632	1,949,060
	<u>\$ 1,786,127</u>	<u>\$ 1,981,048</u>

**2. Equipment :**

	March 31, 2006		December 31, 2005	
	Cost	Accumulated depreciation	Net book Value	Net book value
Equipment and furniture	\$ 14,670	\$ 6,961	\$ 7,709	\$ 8,115
Computer equipment	12,601	11,168	1,433	1,549
	<u>\$ 27,271</u>	<u>\$ 18,129</u>	<u>\$ 9,142</u>	<u>\$ 9,664</u>

**NIOCAN INC.**

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## NOTES TO FINANCIAL STATEMENTS

**3. Mining and exploration properties :**

## (a) Oka property :

The Oka mining property consists of mining rights comprised of 33 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 at production.

The Company also granted Teck Corporation the option to acquire a 25% interest of its mining property in consideration of a payment, representing 25% of total expenses incurred to bring the said ore deposits at 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) Great Whale Iron Property :

The Company owns a 100% interest in the Great Whale Iron Property covering 8,665 acres on the James Bay territory.

**4. Capital stock:**

Authorized:

An unlimited number of common shares without par value

	March 31, 2006	December 31, 2005
Issued:		
18,803,833 common shares	\$ 11,686,802	\$ 11,686,802

**NIOCAN INC.**

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Period ended March 31, 2006

## NOTES TO FINANCIAL STATEMENTS

**5. Stock option plan:**

Under the stock option for the benefit of the directors and officers of the Company, 2,500,000 common shares are available and their life cannot exceed 10 years.

During the quarter ended March 31, 2006, the Company granted any stock options.

The number of stock options outstanding fluctuated as follows:

	March 31, 2006	Average Exercisable Price	December 31, 2005	Average Exercisable Price
Balance, beginning of period	2,307,000	\$ 0.67	2,230,000	\$ 0.66
Issued	-	-	77,000	0.98
Balance, end of period	2,307,000	\$ 0.67	2,307,000	\$ 0.67

As at March 31, 2006, the following options were outstanding :

205,000	shares at \$0.80 per share until June 11, 2006
430,000	shares at \$0.70 per share until June 19, 2007
120,000	shares at \$0.55 per share until January 16, 2008
30,000	shares at \$0.55 per share until April 16, 2008
660,000	shares at \$0.50 per share until February 23, 2009
105,000	shares at \$0.95 per share until October 5, 2009
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

**NIOCAN INC.**

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Period ended March 31, 2006

**NOTES TO FINANCIAL STATEMENTS****6. Future tax benefits:**

As at December 31, 2005, the Company had tax losses of approximately \$3,987,000 available to apply against future taxable income as follows:

Expiry date	Amount
2006	555,000
2007	433,000
2008	778,000
2009	739,000
2010	454,000
2011	471,000
2012	557,000

The Company also had Canadian exploration expenditures of approximately \$ 1,796,000 at the federal level and \$2,169,000 at the provincial level which may be deducted from future taxable income.

The potential tax benefit relating to these elements has not been recorded.

**7. Related party transactions:**

During the quarter ended March 31, 2006, 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.

	March 31, 2006	December 31, 2005
Administration expenses	3 320 \$	52 800 \$
Deferred expenditures	-	3 960

**NIOCAN INC.**

Report to the shareholders

Period ended March 31, 2006

## NOTES TO FINANCIAL STATEMENTS

**8. Quarterly information:**

Quarter ended	Total revenue	Net loss	Loss per share
	\$	\$	\$
March 31 ,2006	20,672	41,031	0.01
December 31, 2005	15,644	67,927	0.01
September 30, 2005	20,201	56,367	0.01
June 30, 2005	13,231	146,603	0.01
March 31, 2005	19,899	221,352	0.01
December 31, 2004	10,213	161,056	0.01
September 30, 2004	17,538	96,437	0.01
June 30, 2004	14,748	81,969	0.01

**9. Financial instruments:**

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments.

Short-term financial instruments:

Cash, short-term investment, accounts receivable, accounts payable and accrued liabilities are short-term financial instruments whose fair value approximates their carrying amount given that they will mature shortly.

**NIOCAN INC.**

Report to the shareholders

Period ended March 31, 2006

**NOTES TO FINANCIAL STATEMENTS****10. Commitments:**

- (a) The Company has entered into agreements for the issuance of 3,333,333 shares and 1,294,444 warrants and exploration work in order to acquire a mining property subject to due diligence. The Company is negotiating an extension.
- (b) The Company has leases commitment for premises and the minimum amount payable is \$17,512 in 2006.
- (b) On February 2, 2004, the Company entered into a purchasing agreement with the city of Oka for the acquisition of the St. Lawrence Columbian site for an amount of \$200,000. A non-refundable amount of \$20,000 was paid upon the signing of the agreement and the balance of \$180,000 will be payable at the beginning of the construction work on the site, and at the latest on December 31, 2005. The Company has also committed to restore and clean an adjacent site. The acquisition of the site is conditional on obtaining all necessary permits, certificates and other authorizations from the Ministère de l'Environnement du Québec for the Oka project.

On August 1, 2005, the city of Oka accepted the request for the extension of the purchasing agreement of the St. Lawrence Columbian site for an additional three-year period.

**11. Liquidity:**

The Company's working capital remains excellent at \$1,837,199 as compared to \$1,993,203 to beginning of period. The Company has no long-term debt and the working capital on hand will cover the cost of current administrative expenses.

**12. Capital resources:**

There was no financing done during the period.