NIOCAN INC.

FINANCIAL STATEMENTS
(unaudited)

Six-month period ended June 30, 2006

MONTREAL (QUEBEC)

NIOCAN INC.

FINANCIAL STATEMENTS
(unaudited)

June 30, 2006

Financial Statements

NIOCAN INC.

Report to the shareholders
June 30, 2006, with comparative
figures for December 31, 2005

BALANCE SHEET

	June 30, 2006 (unaudited)	December 31, 2005
ASSETS		
Current assets:		
Cash	$ 136,044	$ 31,988
Short-term investments, at cost	1,479,740	1,949,060
Accounts receivable	44,493	18,200
Prepaid expenses	36,784	32,975
	1,697,061	2,032,223
Fixed assets (note 2)	8,809	9,664
Land	526,887	506,887
Mining properties (note 3)	800,000	800,000
Deferred expenditures	4,528,927	4,356,083
	$ 7,561,684	$ 7,704,857
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 41,127	$ 66,708
Shareholders' equity:		
Capital stock (note 4)	11,686,202	11,686,202
Contributed surplus	368,740	368,740
Deficit	-4,534,385	-4,416,793
	7,520,557	7,638,149
	$ 7,561,684	$ 7,704,857

See accompanying notes to financial statements.

On behalf of the Board:

Hubert Marleau, director

Dale Smith, director

NIOCAN INC.

Report to the shareholders

6-month period ended June 30, 2006, with comparative figures for 2005

STATEMENT OF OPERATIONS AND DEFICIT
(unaudited)

	3-month period ended June 30		6-month period ended June 30	
	2006	2005	2006	2005
Revenue:				
Interest received	$ 15,164	$ 13,231	$ 30,736	$ 33,130
Leases	-	-	5,100	-
	15,164	13,231	35,836	33,130
Expenses:				
Cost of options granted	-	-	-	51,590
Insurance	3,479	3,479	6,919	6,919
Travel and business development	3,625	5,471	4,850	11,100
Reports to shareholders	5,948	2,588	5,957	36,254
Trustees and registration fees	3,563	5,808	15,199	17,806
Interest and bank charges	72	54	159	136
Professional fees	29,979	125,517	44,720	288,576
Rent	8,593	5,550	13,699	11,100
Office	18,926	6,948	32,376	13,421
Maintenance	5,126	-	9,797	-
Publicity and public relations	7,626	385	7,626	385
Taxes and permits	3,515	-348	9,330	8,829
Telecommunications and web site	751	3,709	1,752	5,213
Amortization	522	673	1,044	1,346
	91,725	159,834	153,428	452,675
Net loss	$ 76,561	$ 146,603	$ 117,592	$ 419,545

See accompanying notes to financial statements.

NIOCAN INC.

Report to the shareholders

6-month period ended June 30, 2006, with comparative figures for 2005

STATEMENT OF OPERATIONS AND DEFICIT
(unaudited)

	3-month period ended June 30		6-month period ended June 30	
	2006	2005	2006	2005
Net loss	$ 76,561	$ 146,603	$ 117,592	$ 419,545
Deficit, beginning of period	4,457,824	4,118,208	4,416,793	3,845,266
Deficit, end of period	$ 4,534,385	$ 4,264,811	$ 4,534,385	$ 4,264,811
Net loss per share, basic and diluted	$ 0.01	$ 0.01	$ 0.01	$ 0.02

See accompanying notes to financial statements.

NIOCAN INC.

Report to the shareholders

6-month period ended June 30, 2006, with comparative figures for 2005

STATEMENT OF DEFERRED EXPENDITURES
(unaudited)

	3-month period ended June 30		6-month period ended June 30	
	2006	2005	2006	2005
Balance, beginning of period	$ 4,443,890	$ 4,276,673	$ 4,356,083	$ 4,222,165
Increase :				
Market study	127,134	5,400	214,941	10,800
Environmental study	21,350	35,395	21,350	108,047
Geological and metallurgy work	-	20,421	-	20,421
Due diligence on minig properties	-	1,439	-	5,542
	148,484	62,655	236,291	144,810
Less credit for mining rights and resource credits	-63,447	-	-63,447	-27,647
	85,037	62,655	172,844	117,163
Balance, end of period	$ 4,528,927	$ 4,339,328	$ 4,528,927	$ 4,339,328

See accompanying notes to financial statements.

NIOCAN INC.

Report to the shareholders

6-month period ended June 30, 2006, with comparative figures for 2005

STATEMENT OF CASH FLOWS
(Unaudited)

	3-month period ended June 30		6-month period ended June 30	
	2006	2005	2006	2005
Operating activities:				
Net loss for the period	$ -76,561	$ -146,603	$ -117,592	$ -419,545
Adjustments for:				
Amortization	522	673	1,044	1,346
Cost of options granted	-	-	-	51,590
Net change in non-cash operating working capital item	10,922	-91,415	-55,683	-735
	-65,117	-237,345	-172,231	-367,344
Investing activities:				
Fixed assets	-189	-	-189	-
Land	-20,000		-20,000	
Deferred expenditures, net of credits	-85,037	-62,655	-172,844	-117,163
	-105,226	-62,655	-193,033	-117,163
Net increase (decrease) in cash and cash equivalents	-170,343	-300,000	-365,264	-484,507
Cash and cash equivalents, beginning of period	1,786,127	2,405,696	1,981,048	2,590,203
Cash and cash equivalents, end of period	$ 1,615,784	$ 2,105,696	$ 1,615,784	$ 2,105,696

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 June 30, 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 June 30, 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 June 30, 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 :

		June 30, 2006		December 31, 2005
Cash	$	136,044	$	31,988
Money market fund		1,479,740		1,949,060
	$	1,615,784	$	1,981,048

2. Equipment :

					June 30, 2006		December 31, 2005	
		Cost		Accumulated depreciation		Net book Value		Net book value
Equipment and furniture	$	14,670	$	7,367	$	7,303	$	8,115
Computer equipment		12,790		11,284		1,506		1,549
	$	27,460	$	18,651	$	8,809	$	9,664

NIOCAN INC.

Report to the shareholders

Period ended June 30, 2006

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 17 097.93 acres on the James Bay territory.

4. Capital stock:

Authorized:

An unlimited number of common shares without par value

	June 30, 2006	December 31, 2005
Issued:		
18,803,833 common shares	$ 11,686,202	$ 11,686,202

NIOCAN INC.

Report to the shareholders

Period ended June 30, 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:

	June 30, 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 June 30, 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.

Report to the shareholders

Period ended June 30, 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 June 30, 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.

	June 30, 2006		December 31, 2005	
Administration expenses	27,474	$	52 800	$
Deferred expenditures	-		3 960	

NIOCAN INC.

Report to the shareholders

Period ended June 30, 2006

NOTES TO FINANCIAL STATEMENTS

8. Quarterly information:

Quarter ended	Total revenue	Net loss	Loss per share
	$	$	$
June 30, 2006	15,164	76,561	0.01
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.

(c) On April 24, 2006, the Company has renewed the Purchasing Agreement with the City of Oka for the acquisition of the abandoned St. Lawrence Columbium mine 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, 2007.

11. Liquidity:

The Company's working capital remains excellent at $1,615,784 as compared to $1,786,127 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.