NIOCAN INC.

FINANCIAL STATEMENTS
(unaudited)

Period ended June 30, 2010

MONTREAL (QUEBEC)

NIOCAN INC.

FINANCIAL STATEMENTS
(unaudited)

June 30, 2010

Financial Statements

NIOCAN INC.

Report to the Shareholders

June 30, 2010, with comparative
figures for December 31, 2009

BALANCE SHEET

	June 30, 2010 (unaudited)	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 505 193	$ 750 303
Accounts receivable	10 246	35 397
Prepaid expenses and deposits	68 801	79 210
	584 240	864 910
Equipment (note 4)	5 991	6 789
Land	506 887	506 887
Mining and deferred exploration expenses (note 5)	6 286 026	6 316 344
	$ 7 383 144	$ 7 694 930
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 165 010	$ 246 477
Shareholders' equity:		
Capital stock (note 6)	12 853 902	12 853 902
Contributed surplus	1 210 950	1 173 450
Deficit	(6 846 718)	(6 578 899)
	7 218 134	7 448 453
	$ 7 383 144	$ 7 694 930

See accompanying notes to financial statements.

On behalf of the Board:

G. Bernard Coulombe, director

Ron Amstutz, Acting Chief Financial Officer

NIOCAN INC.

Report to the Shareholders
Period ended June 30, 2010, with
comparative figures for 2009

STATEMENT OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(unaudited)

	3-month period ended June 30		6-month period ended June 30	
	2010	2009	2010	2009
Revenue:				
Interest received	$ 362	$ 1 581	$ 750	$ 6 844
Leases	1 000	-	1 000	886
	1 362	1 581	1 750	7 730
Expenses:				
Costs of options granted	37 500	165 880	37 500	165 880
Professional fees	29 354	45 595	51 428	69 792
Office and administration	19 587	19 910	38 363	36 869
Directors' fees	16 300	19 100	36 200	34 800
Trustees and registration fees	14 217	14 991	32 522	30 227
Public relations	-	-	10 000	-
Rent	10 755	10 560	19 504	19 274
Taxes and permits	7 172	1 036	14 211	8 202
Travel and business development	10 395	5 534	19 399	10 983
Insurance	3 240	3 240	6 480	6 480
Telecommunications and web site	1 683	957	2 910	2 625
Amortization	399	533	798	1 061
Interest and bank charges	115	236	254	337
Reports to shareholders	-	480	-	480
	150 717	288 052	269 569	387 010
Net loss and comprehensive loss	$ 149 355	$ 286 471	$ 267 819	$ 379 280

See accompanying notes to financial statements.

NIOCAN INC.

Report to the Shareholders
Period ended June 30, 2010, with
comparative figures for 2009

STATEMENT OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(unaudited)

	3-month period ended June 30		6-month period ended June 30	
	2010	2009	2010	2009
Net loss and comprehensive loss	$ 149 355	$ 286 471	$ 267 819	$ 379 280
Deficit, beginning of period	6 697 363	6 024 959	6 578 899	5 932 150
Deficit, end of period	$ 6 846 718	$ 6 311 430	$ 6 846 718	$ 6 311 430
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

Period ended June 30, 2010, with
comparative figures for 2009

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES
(unaudited)

	3-month period ended June 30		6-month period ended June 30	
	2010	2009	2010	2009
Balance, beginning of period	$ 5 539 669	$ 5 020 168	$ 5 516 344	$ 5 021 557
Increase :				
Environmental and feasibility studies	-	19 056	-	17 667
Other	17 142	-	40 467	-
	17 142	19 056	40 467	17 667
Less credit for mining rights and resource credits	70 785	-	70 785	-
	(53 643)	19 056	(30 318)	17 667
Balance, end of period	$ 5 486 026	$ 5 039 224	$ 5 486 026	$ 5 039 224
Cumulative deferred expenditures by project				
Oka	$ 5 061 236	$ 4 798 749	$ 5 061 236	$ 4 798 749
Grande-Baleine	424 790	240 475	424 790	240 475
Balance, end of period	$ 5 486 026	$ 5 039 224	$ 5 486 026	$ 5 039 224

See accompanying notes to financial statements.

NIOCAN INC.

Report to the Shareholders

Period ended June 30, 2010, with comparative figures for 2009

STATEMENT OF CASH FLOWS
(Unaudited)

	3-month period ended June 30		6-month period ended June 30	
	2010	2009	2010	2009
Operating activities:				
Net loss	$ (149 355)	$ (286 471)	$ (267 819)	$ (379 280)
Adjustments for:				
Amortization	399	533	798	1 061
Cost of options granted	37 500	165 880	37 500	165 880
Net change in non-cash operating working capital items	9 094	4 461	(45 907)	(130 408)
	(102 362)	(115 597)	(275 428)	(342 747)
Investing activities:				
Deferred exploration expenditures, net of credits	53 643	(19 056)	30 318	(17 667)
	53 643	(19 056)	30 318	(17 667)
Net decrease in cash and cash equivalents	(48 719)	(134 653)	(245 110)	(360 414)
Cash and cash equivalents, beginning of period	553 912	1 366 327	750 303	1 592 088
Cash and cash equivalents, end of period	$ 505 193	$ 1 231 674	$ 505 193	$ 1 231 674

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

See accompanying notes to financial statements.

NIOCAN INC.

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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, Québec and exploration properties in the province of Québec.

1. Nature of operations and going concern :

The Company is at the development stage and has mineral exploration and development properties in the province of Quebec. 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 the ability of the Company to obtain necessary financing. The recoverability of the 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 :

Future accounting pronouncements

International financial reporting standards:

In February 2008, the Accounting Standards Board ("AcSB") announced that accounting standards in Canada are to converge with the IFRS and that public companies will 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.

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NOTES TO FINANCIAL STATEMENTS

3. Significant accounting policies :

(a) Mining 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%

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Period ended June 30, 2010

NOTES TO FINANCIAL STATEMENTS

3. Significant accounting policies (continued) :

(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.

(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.

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 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. Actual results could differ from those estimates.

NIOCAN INC.

Report to the Shareholders

Period ended June 30, 2010

NOTES TO FINANCIAL STATEMENTS

3. Significant accounting policies (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 equivalents are as follows :

		June 30, 2010		December 31, 2009
Cash	$	100,875	$	96,710
Money market fund		404,318		653,593
	$	505,193	$	750,303

(g) 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.

(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.

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Period ended June 30, 2010

NOTES TO FINANCIAL STATEMENTS

4. Equipment :

						June 30, 2010		December 31, 2009
		Cost		Accumulated amortization		Net book Value		Net book Value
Equipment and furniture	$	16,565	$	12,598	$	3,967	$	4,408
Computer equipment		16,760		14,736		2,024		2,381
	$	33,325	$	27,334	$	5,991	$	6,789

5. Mining properties and deferred exploration expenses:

						June 30, 2010
		Cost of properties		Deferred Expenditures		Total
Oka	$	800,000	$	5,061,236	$	5,861,236
Grande-Baleine		-		424,790		424,790
	$	800,000	$	5,486,026	$	6,286,026

						December 31, 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

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NOTES TO FINANCIAL STATEMENTS

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

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 of 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

	June 30, 2010	December 31, 2009
Issued:		
20,763,833 common shares	$ 12,853,902	$ 12,853,902

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.

NIOCAN INC.

Report to the Shareholders

Period ended June 30, 2010

NOTES TO FINANCIAL STATEMENTS

7. Stock option plan (continued):

The number of stock options outstanding fluctuated as follows:

	June 30, 2010	Average Exercisable Price	December 31, 2009	Average Exercisable Price
Balance, beginning of period	2,677,000	$ 0.60	2,712,000	$ 0.66
Issued	150,000	0.32	730,000	0.33
Exercised	-	-	(765,000)	0.56
Balance, end of period	2,827,000	$ 0.59	2,677,000	$ 0.60

As at June 30, 2010, the following options were outstanding and could be exercised:

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
150,000	shares at $0.32 per share until April 6, 2020

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NOTES TO FINANCIAL STATEMENTS

8. Income tax:

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

	December 31, 2009
Future tax assets:	
Operating loss carry forwards	$ 763,000
Financing costs	10,000
Credits and other	344,000
	1,117,000
Valuation allowance	(221,000)
	896,000
Future tax liabilities:	
Mining properties	(216,000)
Deferred exploration expenditures	(680,000)
	(896,000)
Net future tax assets	$ -

As at December 31, 2009, the Company had 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
	$ 2,692,000

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

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

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Period ended June 30, 2010

NOTES TO FINANCIAL STATEMENTS

9. Related party transactions:

During the quarter ended June 30, 2010, 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, 2010	December 31, 2009
Administration expenses – professional fees	$ 6,300	$ 29,000
Administration expenses – directors' fees	$ 10,000	$ 40,000

10. Quarterly information:

Quarter ended	Total revenue	Net loss	Loss per share
	$	$	$
June 30, 2010	1,362	148,605	0.01
March 31, 2010	388	118,464	0.01
December 31, 2009	4,777	151,336	0.01
September 30, 2009	7,399	114,552	0.01
June 30, 2009	1,581	288,052	0.01
March 31, 2009	6,149	92,809	0.01
December 31, 2008	24,722	58,148	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

11. 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.

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

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NOTES TO FINANCIAL STATEMENTS

11. Financial instruments and risk management (continued):

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 of liquidity risk aims 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. Obtaining new funds allows the Company to pursue its activities. Prior success raising funds does not guarantee success in the future

d) Fair value

The fair value of financial instruments is summarized as follows:

	June 30, 2010		December 31, 2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Held for trading				
Cash and cash equivalents	$ 505,193	$ 505,193	$ 750,303	$ 750,303
Loans and receivables				
Taxes and other receivables	$ 10,246	$ 10,246	$ 35,397	$ 35,397
Financial liabilities				
Other liabilities				
Accounts payable and accrued liabilities	$ 165,010	$ 165,010	$ 246,477	$ 246,477

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NOTES TO FINANCIAL STATEMENTS

11. Financial instruments and risk management (continued):

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

12. 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.

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.

13 Commitments and contingencies:

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

(2) 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 $45,000 was paid and the balance of $155,000 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 is 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.

(3) 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 defense against the claim. Accordingly, no provision for losses has been reflected in the accounts of the Company for this matter.