Financial Statements of
(unaudited)

NIOCAN INC.

Period ended March 31, 2012

The Interim financial Statements dated March 31, 2012
have not been audited or reviewed by the auditors.

NIOCAN INC.

Report to the shareholders
(unaudited)
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Period ended March 31, 2012

Financial Statements

NIOCAN INC.

Report to the Shareholders
Statements of Financial Position
(unaudited)
March 31, 2012, with comparative figures for December 31, 2011

	Note	March 31 2012	December 31 2011
		$	$
ASSETS			
Current assets:			
Cash and cash equivalents	6	1 589 653	1 734 205
Trade and other receivables	7	10 924	1 294
Prepaid expenses and deposits		32 425	26 804
Total current assets		1 633 002	1 762 303
Non-current assets:			
Exploration and evaluation assets	8	6 941 088	6 941 088
Land		506 887	506 887
Equipment	9	3 759	3 988
Total non-current assets		7 451 734	7 451 963
Total assets		**9 084 736**	**9 214 266**
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities		102 750	54 177
Income taxes		139 846	139 846
Debentures	10	2 359 970	2 055 413
Total current liabilities		2 602 566	2 249 436
Non-currents liabilities			
Derivative financial instruments - warrants	10	414 089	487 531
Deferred tax liability	5	850 062	850 062
Total non-current liabilities		1 264 151	1 337 593
Total liabilities		3 866 717	3 587 029
EQUITY			
Share capital	11	12 875 102	12 853 902
Contributed surplus		1 210 200	1 210 200
Deficit		(8 867 283)	(8 436 865)
Total equity attributable to equity holders of the Company		5 218 019	5 627 237
Commitments and contingencies	14		
Total liabilities and equity		**9 084 736**	**9 214 266**

The notes on pages 6 to 28 are an integral part of these financial statements.

On beharf of the Board:

/s/ Hubert Marleau
Interim Chairman, President and Chief Executive Officer

/s/ Ron Amstutz
Acting Chief Financial Officer

NIOCAN INC.

Report to the Shareholders

Statements of Comprehensive Loss

(unaudited)

3 month period ended March 31, 2012, with comparative figures for 2011

	Note	March 31 2012	March 31 2011
		$	$
Revenue:		-	-
Expenses:			
Professional fees		31 674	135 236
Directors' fees		27 500	49 700
Rent		5 715	7 809
Office and administration		18 147	17 545
Trustees and registration fees		11 549	19 848
Taxes and permits		7 046	7 148
Travel and business development		5 353	6 694
Insurance		4 732	4 732
Telecommunications and web site		1 243	5 030
Depreciation		229	301
Interest and bank charges		171	154
		113 359	254 197
Loss from operationg activities		(113 359)	(254 197)
Net finance (expenses) income	4	(317 059)	425
Loss and comprehensive loss before income and mining taxes		(430 418)	253 772
Deferred tax recovery	5	-	-
Net loss and comprehansive loss for the period		(430 418)	(253 772)
Loss per share:			
Basic and diluted loss per share (dollars)	12	(0,02)	(0,01)
Basic diluted average number of shares outstanding		20 803 833	20 763 833

The notes on pages 6 to 28 are an integral part of these financial statements.

NIOCAN INC.

Report to the Shareholders
Statements of Changes in Equity
(unaudited)
3 month period ended March 31, 2012, with comparative figures for 2011

	Note	Share capital	Contributed Surplus	Deficit	Total equity
		$	$	$	$
Balance, beginning of period		12 853 902	1 210 200	(7 023 859)	7 040 243
Total comprehensive loss for the period		-	-	(253 772)	(253 772)
Balance at March 31,2011		12 853 902	1 210 200	(7 277 631)	6 786 471
Balance, beginning of period		12 853 902	1 210 200	(8 436 865)	5 627 237
Total comprehenvice loss for the period		-	-	(430 418)	(430 418)
Issuance of share capital		21 200	-	-	21 200
Balance at March 31,2012		12 875 102	1 210 200	(8 867 283)	5 218 019

The notes on pages 6 to 28 are an integral part of these financial statements.

NIOCAN INC.

Report to the Shareholders

Statements of Changes in Cash Flows

(unaudited)

3 month period ended March 31, 2012, with comparative figures for 2011

	Note	March 31 2012	March 31 2011
		$	$
Cash flows used in operating activities:			
Net loss		(430 418)	(253 772)
Adjustments for:			
Depreciation		229	301
Decrease in fair value of derivatives		(73 442)	-
Finance expense		394 707	-
Share-based payment transactions		-	-
		(108 924)	(253 471)
Charges in non-cash working capital items		33 322	111 635
		(75 602)	(141 836)
Cash flows from financing activities:			
Proceeds from issue of share capital		21 200	-
Interest paid		(90 150)	-
Net (decrease) in cash and cash equivalents		(144 552)	(141 836)
Cash and cash equivalents, beginning of period		1 734 205	341 109
Cash and cash equivalents, end of period		1 589 653	199 273

The notes on pages 6 to 28 are an integral part of these financial statements.

1. Reporting entity and going concern:

Niocan Inc. (the "Company") is domiciled in Canada. The address of the Company's registered office is 2000 Peel Street, Suite 760, Montréal, Québec.

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

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

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

With respect to the Oka Niobium Project, the Company has determined in 1999 that the property contains ore resources which provide a conceptual indication of the potential of the property. The Company is actually in discussion with the Québec Ministry of Sustainable Development, Environment and Parks and the community of Oka in order to obtain all permits, certificates and other authorizations to allow the Company to operate the Oka Niobium Project.

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 authorizations and financing to complete the acquisition, exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in anything other than the ordinary course of operations.

1. Reporting entity and going concern (continued):

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

2. Basis of preparation:

Statement of compliance

The financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, (“IAS 34”).

The significant accounting policies applied in these financial statements are presented in note 3 and are based on IFRS effective for financial years beginning January 1, 2011.

The financial statements were authorized for issue by the Board of Directors on May 7, 2012.

Basis of measurement

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

Functional and presentation currency

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

Use of estimates and judgements

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

Use of estimates and judgements (continued)

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in note 3 with regards to the determination of capitalizable costs as exploration and evaluation assets.

2. Basis of preparation (continued):

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

- Notes 3 and 8 - recoverability of mining properties and other exploration and evaluation assets;
- Note 3 - assessment of refundable tax credits for resources;
- Note 3 - recoverability of deferred tax assets;
- Note 10 - fair value of the debentures and the warrants;
- Note 13 - fair value of share-based payments.

3. Significant accounting policies:

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

(a) Financial instruments:

Non-derivative financial assets

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

The Company has the following non-derivative financial assets:

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and debentures.

3. Significant accounting policies (continued):

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments

The Company has derivative financial instruments in regards to the warrants which are classified as financial instruments at fair value through profit and loss. Derivative instruments are initially recorded at fair value and subsequent to initial recognition, they are measured at fair value with changes in fair value included in the statement of comprehensive loss as an increase (decrease) in fair value of derivatives at each reporting date.

Fair value hierarchy

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

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

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

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

(b) Share capital:

Common shares

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

Warrants

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

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

(c) Exploration and evaluation assets:

Exploration and evaluation assets include mining properties and other exploration and evaluation costs. Mining properties correspond to acquired interests in mining exploration

3. Significant accounting policies (continued):

(c) Exploration and evaluation assets (continued):

permits / claims which include the rights to explore for, mine, extract and sell all minerals from such claims.

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

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

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

(d) Equipment:

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

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

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

Equipment and furniture	20%
Computer equipment	30%

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

3. Significant accounting policies (continued):

(e) Impairment:

Financial assets

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

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

Non-financial assets

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

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

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

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose

3. Significant accounting policies (continued):

(e) Impairment (continued):

Non-financial assets (continued)

of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit, or CGU”). The level identified by the group for the purposes of testing exploration and evaluation assets for impairment corresponds to the mining property.

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

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

(f) Provisions:

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

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

The Company is eligible for a refundable credit on mining duties under the Québec *Mining Duties Act*. This refundable credit on mining duties is equal to 7.5% (12% prior to March 2010) of expenses incurred for mining activities in Québec. The accounting treatment for refundable credit on mining duties depends on management’s intention to go into production in the future or rather to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

3. Significant accounting policies (continued):

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

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

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

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

(h) Share-based payments:

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

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

3. Significant accounting policies (continued):

(i) Leases:

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

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

(j) Finance income and finance expense:

Finance income comprises interest income on funds invested and changes in the fair value of financial assets and liabilities at fair value through profit or loss.

Finance expense comprises interest expense recognized as it accrues in profit or loss, using the effective interest method, and changes in the fair value of financial assets and liabilities through profit or loss.

(k) Income tax:

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

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3. Significant accounting policies (continued):

(k) Income tax (continued):

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

(l) Earnings per share:

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

(m) Segment reporting:

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

(n) New standards and interpretations not yet adopted:

Adoption of new accounting standards:

Annual improvements to IFRS:

The improvements to IFRS 2010 are the result of the IASB's annual improvements project. This project has involved the IASB accumulating, throughout 2010, those improvements believed to be non-urgent, but necessary, and processing the amendments collectively. Effective dates, early application and transitional provisions are dealt with on a standard-by-standard basis with the majority of the amendments effective for periods beginning on or after January 1, 2011, with early adoption permitted. The Company has adopted and reflected applicable amendments in these financial statements.

3. Significant accounting policies (continued):

(n) New standards and interpretations not yet adopted (continued):

Adoption of new accounting standards (continued):

Annual improvements to IFRS (continued):

The following new standard has been issued but is not yet applicable to the Company:

(i) IFRS 9, *Financial Instruments*:

Effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

As part of the project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

– deals with classification and measurement of financial assets;

– establishes two primary measurement categories for financial assets: amortized cost and fair value;

– prescribes that classification depends on entity's business model and the contractual cash flow characteristics of the financial asset;

– eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

The extent of the impact of adoption of IFRS 9 has not yet been determined.

3. Significant accounting policies (continued):

(n) New standards and interpretations not yet adopted (continued):

Adoption of new accounting standards (continued):

Annual improvements to IFRS (continued):

(ii) IFRS 13, *Fair Value Measurement*:

In May 2011, the IASB published IFRS 13, *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application.

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income.

IFRS 13 explains how to measure fair value when it is required or permitted by other IFRS. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 13 to have a material impact on the financial statements.

4. Net finance income:

	2012	2011
Finance income	$ 4,206	$ 425
Finance expense	(394,707)	–
Increase in fair value of derivatives (note 10)	73,442	–
Net finance (expense) income recognized in profit of loss	$ (317,059)	$ 425

5. Income and mining taxes:

Effective income tax expense (recovery) differs from income tax expense (recovery) computed based on the combined federal and provincial income tax rate of 28.4% (2011 - 28.4%) as a result of the following:

	March 31, 2012	December 31, 2011
	$	$
Net loss for the period	(430,418)	(1,074,543)
Deferred total tax recovery	-	(122,310)
Loss before income and mining tax	(430,418)	(1,196,853)
(Recovery) tax using the Company's domestic tax rate	(122,238)	(339,906)
Mining tax expenses	-	158,008
Non-deductible expenses and other	91,239	(43,115)
Difference between current and future tax rate	-	20,483
Current year losses for which no deferred tax assets are recognized	30,999	82,220
Income and mining taxes (recovery)	-	(122,310)

Unrecognized deferred tax assets:

	March 31, 2012	December 31, 2011
Non-capital losses carryforwards	$ 293,221	$ 293,221
Financing cost	66,441	$ 66,441
	$ 359,662	$ 359,662

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

5. Income and mining taxes (continued):

The non-capital losses expire as follows:

	Federal	Québec
	$	$
2014	379,884	469,656
2015	481,645	583,958
2026	430,422	249,285
2027	328,025	325,441
2028	461,358	460,450
2029	449,845	448,896
2030	430,422	429,028
2031	1,031,323	1,031,323
	3,992,924	3,998,037

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

	March 31, 2012	December 31, 2011
	$	$
Future tax assets:		
Equipment	7,997	7,997
Financing costs	100,039	100,039
Non-capital losses	753,972	753,972
	862,008	862,008
Future tax liabilities:		
Mining properties	227,305	227,305
Exploration and evaluation assets	1,484,765	1,484,765
	1,712,070	1,712,070
Net future tax liabilities	(850,062)	(850,062)

6. Cash and cash equivalents:

	March 31, 2012	December 31, 2011
	$	$
Bank balances	82,592	131,350
Term deposits	1,507,061	1,602,855
Cash and cash equivalents	1,589,653	1,734,205

7. Trade and other receivables:

	March 31, 2012	December 31, 2011
Federal sales taxes	$ 4,711	$ 558
Québec sales taxes	6,213	736
Trade and other receivables	$ 10,924	$ 1,294

8. Exploration and evaluation assets:

Capitalized exploration and evaluation assets can be detailed as follows:

	Oka Property		Grande-Baleine Property		Total
	Mining properties	Other evaluation and exploration assets	Mining properties	Other evaluation and exploration assets	
Cost as at January 1, 2011	$ 845,000	$5,682,393	$ –	$ 437,544	$6,964,937
Additions	–	–	–	–	–
Cost as at March 31, 2011	845,000	5,682,393	–	437,544	6,964,937
Cost as at December 31, 2011	845,000	5,658,544	–	437,544	6,941,088
Additions	-	-	-	-	-
Tax credit for resources	-	-	-	-	-
Cost as at March 31, 2012	$845,000	$5,658,544	$ –	$437,544	$ 6,941,088

8. Exploration and evaluation assets (continued):

Oka property:

The Oka mining property consists of mining rights comprised of 49 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.

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.

9. Equipment:

	Equipment and furniture	Computer equipment	Total
Cost:	**$**	**$**	**$**
Balance, January 1, 2011	16,565	16,760	33,325
Additions (Disposals)	–	–	–
Balance, December 31, 2011	16,565	16,760	33,325
Balance, January 1, 2012	16,565	16,760	33,325
Additions (Disposals)	–	–	–
Balance, March 31, 2012	16,565	16,760	33,325
Depreciation:			
Balance, January 1, 2011	13,038	15,094	28,132
Depreciation for the period	705	500	1,205
Balance, December 31, 2011	13,743	15,594	29,337
Balance, January 1, 2012	13,743	15,594	29,337
Depreciation for the period	141	88	229
Balance, March 31, 2012	13,884	15,682	29,566
Carrying amounts:			
At December 31, 2011	2,822	1,166	3,988
At March 31, 2012	2,681	1,078	3,759

10. Debentures and warrants:

The debentures are comprised of 3,005 units issued for an aggregate consideration of $3,005,000. Each unit is comprised of one $1,000 principal amount of a secured debenture ("Debenture") and 520 transferable common share purchase warrants of Niocan Inc. ("Warrant"). Each Debenture will mature August 29, 2012 and bears interest at an annual rate of 12%. The effective interest rate is 104%.

The principal amount and interest on the debentures may be payable in cash or common shares of the Company at the Company's sole option, with the number of shares to be determined based on a conversion price of $1.45 per common share. The following table presents the details of the Debentures as at:

	March 31, 2012	December 31, 2011
	$	$
Debentures:		
Fair value at inception	1,972,121	1,972,121
Issue costs	(246,993)	(246,993)
	1,725,128	1,725,128
Cumulative effective interest rate adjustment	634,842	330,285
Balance	2,359,970	2,055,413

Each Warrant entitles the holder to purchase one common share at a price of $1.45 until August 29, 2014. The Warrants are presented as a liability and recorded at fair value each reporting dates using the Black-Scholes pricing model. The decrease in fair value recorded through income from inception to the end of the period totaled $615,790. The Warrants are classified as Level 3 in the fair value hierarchy.

The following assumptions were used in calculating the fair value of the Warrants:

	March 31, 2012	December 31, 2011
Risk-free interest rate	1%	1%
Expected life	2.41 years	2.68 years
Expected volatility	95%	108%
Expected dividend yield	–	–

Number of warrants issued and outstanding as at March 31, 2012 was 1,562,600 (December 31, 2011 – 1,562,600).

11. Share capital and other components of equity:

Number of shares issued and outstanding as at: March 31, 2012 was 20,803,833 (December 31, 2011 – 20,763,833). The Company is authorized to issue an unlimited number of common shares, without par value.

12. Earnings (loss) per share:

The calculation of basic earnings per share at March 31, 2012 was based on the loss attributable to common shareholders which corresponds to the loss for the period of $430,418 (2011 - loss of $253,772), and a weighted average number of common shares:

	2012	2011
Issued common shares at March 31	20,803,833	20,763,833
Weighted average number of common shares as at March 31	20,803,833	20,763,833

The calculation of diluted earnings per share at March 31, 2012 is the same as the basic earnings per share as all options had an anti-dilutive effect (same in 2011).

13. Share-based payments:

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. Options are exercisable at the market price of the shares at the date of the grant. The number of stock options outstanding fluctuated as follows:

	March 31,2012		**December 31,2011**	
	Number of shares	**Weighted average exercisable price**	**Number of shares**	**Weighted average exercisable price**
		$		**$**
Balance, beginning of period	2,338,000	0.60	2,722,000	0.66
Granted	–	–	–	–
Expired	(120,000)	0.53	(384,000)	0.56
Balance, end of period	2,218,000	0.60	2,338,000	0.60

The table below summarizes the information about the stock option plan as at March 31, 2012:

Maturity date	Exercise price	Number of outstanding and vested options
September 15, 2013	$0.85	40,000
March 17, 2014	$1.10	75,000
March 2, 2015	$0.98	33,000
August 31, 2016	$0.44	130,000
January 8, 2017	$0.40	160,000
August 2, 2017	$0.72	540,000
January 23, 2018	$0.50	120,000
May 8, 2018	$0.63	240,000
May 3, 2019	$0.34	580,000
August 20, 2019	$0.31	150,000
April 6, 2020	$0.32	150,000
		2,218,000

14. Commitments and contingencies:

(i) The Company has a lease commitment for its premises, and the minimum amount payable is $20,000 in 2012.

(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 Niobium Project.

15. Financial instruments and financial risk management:

(a) Financial instruments fair value:

The following table summarizes the carrying value and estimated fair values of the Company's financial instruments:

15. Financial instruments and financial risk management (continued):

	March 31, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Cash and cash equivalents	1,589,653	1,589,653	1,734,205	1,734,205
Trade and other receivables	10,924	10,924	1,294	1,294
Financial liabilities				
Accounts payable and accrued liabilities	102,750	102,750	54,177	54,177
Debentures	2,359,970	2,359,970	2,055,413	2,055,413
Derivative financial instruments - warrants	414,089	414,089	487,531	487,531

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

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

(b) Risk overview:

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

(i) Credit risk:

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

15. Financial instruments and financial risk management (continued):

(b) Risk overview (continued):

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

(ii) Liquidity risk:

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

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

	0 - 6 months	7 - 12 months	13 - 36 months
Accounts payable and accrued liabilities	$ 102,750	$ –	$ –
Debentures	–	3,155,250	–
Derivative financial instruments - Warrants	–	–	414,089
	$ 102,750	3,155,250	414,089

(iii) Interest rate risk:

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

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

16. Related party transactions:

Key management personnel compensation:

Key management personnel corresponds to the directors of the Company, including the chief executive officer who is remunerated through a consulting agreement.

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

	March 31, 2012	December 31, 2011
Administration expenses - professional fees	$ 17,500	$133,700
Administration expenses - directors' fees	10,000	40,000

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

	March 31, 2012	December 31, 2011
Debentures:		
Major shareholder	$ 1,196,996	$ 1,196,996
A company affiliated with a directors	$ 239,399	$ 239,399

17. Capital disclosures:

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

	March 31, 2012	December 31, 2011
Cash and cash equivalents	$ 1,589,653	$ 1,734,205
Debentures	2,359,970	2,055,413
Share capital	12,875,102	12,853,902

17. 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.