Niocan inc.
NIOBIUM / CANADA

Condensed Interim Financial Statements
For the first quarter ended
March 31, 2015
(unaudited)

NIOCAN INC.

Management's comments on unaudited Condensed Interim Financial Statements for the three-month periods ended March 31, 2015 and 2014

Notice of no auditor review of interim financial statements

The accompanying unaudited Condensed Interim Financial Statements of the Company have been prepared by and are the responsibility of the Company's Management.

The Company's independent auditor, KPMG LLP, has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Dated this 6th day of May 2015

NIOCAN INC.
Condensed Interim Statements of Financial Position
As at March 31, 2015 and December 31, 2014

	Note	Unaudited March 31, 2015	Audited December 31, 2014
		$	$
Assets	**8**		
Current assets			
Cash and cash equivalents	**5**	**216,063**	362,980
Receivables	**6**	**8,557**	7,735
Tax credits and mining tax credits receivable		**23,349**	19,639
Prepaid expenses and deposits		**110,731**	71,915
Total current assets		**358,700**	462,269
Non-current assets			
Mining properties and exploration and evaluation assets	**7, 8**	**6,369,797**	6,361,307
Land		**506,887**	506,887
Total non-current assets		**6,876,684**	6,868,194
Total assets		**7,235,384**	7,330,463
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**76,318**	46,930
Current portion of debentures	**8**	**1,171,428**	1,155,169
Total current liabilities		**1,247,746**	1,202,099
Non-current liabilities			
Deferred tax liability		**725,251**	725,251
Total non-current liabilities		**725,251**	725,251
Total liabilities		**1,972,997**	1,927,350
Equity			
Share capital	**9**	**15,283,101**	15,283,101
Contributed surplus		**1,247,400**	1,247,400
Deficit		**(11,268,114)**	(11,127,388)
Total equity		**5,262,387**	5,403,113
Total liabilities and equity		**7,235,384**	7,330,463

The notes on pages 7 to 16 are an integral part of these financial statements.

On behalf of the Board:

(signed) Hubert Marleau, director

(signed) Remo J. Mancini, director

NIOCAN INC.
Condensed Interim Statements of Loss and Comprehensive Loss
Unaudited

	Note	For the 3-month periods ended March 31, 2015	2014
		$	$
Revenues		**—**	—
Expenses			
Professional fees		**20,787**	18,943
Office and administration		**27,698**	35,666
Directors' fees		**8,109**	8,104
Trustees and registration fees		**20,494**	22,398
Rent		**5,852**	6,648
Taxes and permits		**1,335**	1,836
Travel and business development		**3,509**	1,340
Insurance		**5,365**	4,747
Telecommunication & website		**1,278**	1,128
Repairs and maintenance		**40**	1,189
Bank charges		**458**	171
Total expenses		**94,925**	102,170
Loss before net finance expense		**(94,925)**	(102,170)
Net finance expense	**4**	**45,801**	42,936
Net loss and comprehensive loss		**(140,726)**	(145,106)
Basic and diluted net loss per outstanding common share	**10**	**(0.01)**	(0.01)
Weighted average number of outstanding common shares	**10**	**22,979,868**	22,979,868

The notes on pages 7 to 16 are an integral part of these financial statements.

NIOCAN INC.
Condensed Statements of Changes in Equity
For the three-month periods ended March 31, 2015 and 2014
Unaudited

	Share capital	Contributed surplus	Deficit	Total equity
	$	$	$	$
Balance at December 31, 2013	15,283,101	1,247,000	(9,834,771)	6,695,730
Net loss and comprehensive loss	—	—	(1,292,617)	(1,292,617)
Balance at December 31, 2014	15,283,101	1,247,400	(11,127,388)	5,403,113
Balance at December 31, 2013	15,283,101	1,247,400	(9,834,771)	6,695,730
Net loss and comprehensive loss	—	—	(145,106)	(145,106)
Balance at March 31, 2014	15,283,101	1,247,400	(9,979,877)	6,550,624
Balance at December 31, 2014	15,283,101	1,247,400	(11,127,388)	5,403,113
Net loss and comprehensive loss	**—**	**—**	**(140,726)**	**(140,726)**
Balance at March 31, 2015	**15,283,101**	**1,247,400**	**(11,268,114)**	**5,262,387**

The notes on pages 7 to 16 are an integral part of these financial statements.

NIOCAN INC.
Condensed Interim Statements of Changes in Cash Flows
For the three-month periods ended March 31, 2015 and 2014
Unaudited

	Note	2015	2014
		$	$
Cash flows from operating activities:			
Net loss		**(140,726)**	(145,106)
Adjustments for:			
Change in fair value of warrants	**4**	**—**	1,000
Interest expense	**4**	**46,260**	43,877
Interest income	**4**	**(459)**	(1,941)
		(94,925)	(102,170)
Changes in non-cash working capital items:		**(10,251)**	(27,574)
		(105,176)	(127,803)
Cash flows from financing activities:			
Interest paid		**(30,000)**	(30,000)
Interest received		**459**	1,941
		(29,541)	(28,059)
Cash flows from investing activities:			
Additions to exploration and evaluation assets	**7**	**(12,200)**	—
		(12,200)	—
Net decrease in cash and cash equivalents		**(146,917)**	(157,803)
Cash and cash equivalents, beginning of the year		**362,980**	841,287
Cash and cash equivalents, at March 31		**216,063**	683,484

The notes on pages 7 to 16 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 1, Place Ville-Marie, Suite 1812, 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.

Financial statements have 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 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 niobium property in Oka, 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's application is under study with the Québec Ministry of Sustainable Development, Environment and Parks ("MDDEP") and the community of Oka in order to obtain all permits, certificates and other authorizations to allow the Company to operate the niobium property. Management is currently working in order to obtain all the required permits and authorization to develop the Oka property. Since there is no public infrastructure and in light of the low commodity prices of iron, a write-down of the accumulated cost of $817,363 relating to the Great Whale property was recorded in 2014.

The $1.2 million debentures are maturing on August 19, 2015 and are secured by all the property and assets of the Company. Management is currently negotiating with the debentures holders in order to renew or convert the debentures at the best interest of the Company. If there are no agreements reach before August 19, 2015, the debentures holders may exercise their rights. The debentures have consequently been reclassified as current liabilities.

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 and exploration and evaluation assets 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 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. Basis of preparation:

Statement of compliance

The condensed interim financial statements for the three-month period ended March 31, 2015 have been prepared in accordance with International Accounting Standards Board (''IASB'') under international accounting standard IAS 34, *Interim Financial Reporting,* using the same basis of presentation, accounting policies and methods of computation that were applied for the annual financial statements for the year ended December 31, 2014.

The financial statements were authorized for issue by the Board of Directors on May 6, 2015.

Basis of measurement

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

Functional and presentation currency

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

Use of estimates and judgements

The preparation of the condensed interim 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.

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

In preparing these condensed interim financial statements, the significant judgments made by management applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied and described in the Company's 2014 annual financial statements.

3. Significant accounting policies:

The accounting policies described in the Company's 2014 annual financial statements have been applied consistently to all periods presented in these condensed interim financial statements, unless otherwise indicated.

Adoption of new accounting standards:

The following new standards, and amendments to standards and interpretations, are effective to the first time for interim periods beginning on or after January 1, 2015 and have been applied in preparing these condensed interim financial statements:

Amendments to IAS 19, Employee Benefit, introduce a relief (practical expedient) that will reduce the complexity and burden of accounting to certain contributions from employees to third parties. When employee contributions are eligible for the practical expedient, the Company recognized them as a reduction of the service cost in the period in which the related service is rendered. When the Company cannot apply the practical expedient, the amendments clarify how service-linked contributions from employees or third-party should be included in determining net current service cost and the defined benefit obligation. Adoption of amendments to IAS 19 did not have a material impact on the Company's condensed interim financial statements.

Future accounting standards:

The following new standards, interpretations and amendments have been issued but are not yet effective and therefore have not been applied in preparing these financial statements:

IFRS 9, *Financial Instruments*:
On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

4. Net finance expense:

	2015	2014
	$	$
Interest income	**(459)**	(1,941)
Interest expense	**46,260**	43,877
Change in fair value of the warrants (note 8)	**—**	1,000
Net finance expense	**45,801**	42,936

5. Cash and cash equivalents:

	As at March 31, 2015	As at December 31, 2014
	$	$
Bank balances	**101,343**	48,719
Term deposits (bearing interest at 1.05%, maturing on January 28, 2015)	**114,720**	314,261
Cash and cash equivalents	**216,063**	362,980

6. Receivables:

	As at March 31, 2015	As at December 31, 2014
	$	$
Federal sales taxes	**2,864**	2,650
Québec sales taxes	**5,693**	5,085
Receivables	**8,557**	7,735

7. Mining properties and exploration and evaluation assets:

Capitalized exploration and evaluation assets can be detailed as follows:

		Oka property		Great Whale property	Total
	Mining property	Exploration and evaluation assets	Mining properties	Exploration and evaluation assets	
	$	$		$	$
Cost as at December 31, 2013	845,000	5,512,019	—	817,363	7,174,382
Additions	—	7,000	—	—	7,000
Tax credits for resources	—	(2,712)	—	—	(2,712)
Impairment	—	—	—	(817,363)	(817,363)
Cost as at December 31, 2014	845,000	5,516,307	—	—	6,361,307
Additions	**—**	**12,200**	**—**	**—**	**12,200**
Tax credits for resources	**—**	**(3,710)**	**—**	**—**	**(3,710)**
Cost as at March 31, 2015	**845,000**	**5,524,797**	**—**	**—**	**6,369,797**

Exploration and evaluation assets by nature (net of tax credits) can be detailed as follows:

	As at March 31, 2015	As at December 31, 2014
	$	$
Consulting	**8,490**	4,288
	8,490	4,288
Beginning balance	**6,361,307**	7,174,382
Impairment	**—**	(817,363)
Ending balance	**6,369,797**	6,361,307

Oka property:

The Oka mining property consists of mining rights comprised of 49 claims covering over 2,191 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.

Great Whale property:

The Company owns a 100% interest in surface and mining rights for the iron property of Great Whale covering over 56,195 acres on the Hudson Bay territory.

Since there is no public infrastructure and in light of the low commodity prices of iron, a write-down of the accumulated cost of $817,363 relating to the Great Whale property was recorded in 2014.

8. Debentures and warrants:

On February 19, 2013 the Company completed a private placement with Nio-Metals Holdings LLC ("Nio-Metals") pursuant to which Nio-Metals subscribed for a unit comprising of $1,200,000 aggregate principal amount of secured subordinated debentures of the Company (the "Debenture") and 1,000,000 warrants to purchase common shares, representing aggregate gross proceeds of $1,200,000. The Debenture bear interest at an annual rate of 10%, payable quarterly and mature August 19, 2015, subject to the ability of the Company to repay them at any time without penalty. Each warrant entitles the holder to purchase one common share at a price of $0.50 until February 19, 2015. The Debenture is secured by all property and assets of the Company.

	As at March 31, 2015	As at December 31 2014
	$	$
Nominal value of the Debenture	**1,200,000**	1,200,000
Transaction costs	**(49,880)**	(49,880)
Fair value of warrants	**(96,401)**	(96,401)
Fair value at conversion date	**1,053,719**	1,053,719
Cumulative effective interest rate adjustment	**117,709**	101,450
Ending balance	**1,171,428**	1,155,169

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 year totaled $96,401. The warrants were classified as Level 3 in the fair value hierarchy.

The following assumptions were used in calculating the fair value of the warrants as at:

	March 31, 2015	December 31, 2014
Risk-free interest rate	—	0.9%
Expected life	—	0.14 years
Expected volatility	—	61%
Expected dividend yield	—	—

The following table shows reconciliation from the opening balances to the closing balances for the Lever 3 fair values:

	As at March 31, 2015	As at December 31, 2014
Beginning balance	—	26,000
Change in fair value	—	(26,000)
Ending balance	—	—

The following table presents the details of the issued and outstanding warrants as at:

	As at March 31, 2015		As at December 31, 2014	
Exercise price	**Expiry date**	**Number**	Expiry date	Number
$0.50	—	—	February 19, 2015	1,000,000
		—		1,000,000

During the period, 1,000,000 warrants have expired.

9. Share capital:

The number of shares issued and outstanding as at March 31, 2015 was 22,979,868 (December 31, 2014 – 22,979,868). The Company is authorized to issue an unlimited number of common shares, without par value.

10. Net loss per share:

The calculation of basic net loss per share at March 31, 2015 was based on the loss attributable to common shareholders which corresponds to the loss for the period of $140,726 (March 31, 2014 – loss of $145,106), and a weighted average number of common shares of 22,979,868 (March 31, 2014 – 22,979,868).

The calculation of diluted net loss per share at March 31, 2015 is the same as the basic net loss per share as all options had an anti-dilutive effect (same at March 31, 2014).

11. Share-based payments:

Under the stock option plan, the Company may grant options to directors, officers and consultants to purchase common shares provided that the aggregate number of shares subject to such option may not exceed 10% of the issued and outstanding common shares at the time of any option grant on a rolling basis (March 31, 2014 – 2,950,000 options). The exercise price of each option is determined by the Board of Directors and is required not to be lower than the discounted market price based on last closing market price of the common shares before the date of the grant of the option (March 31, 2014 – options exercisable at the market of the stock options at the date of the grant). The options vest immediately upon issuance and their life may not exceed 5 years (March 31, 2014 – 5 years). All options are recorded at fair value when granted.

The plan must receive shareholder and Stock Exchange approval annually at the Company's annual general meeting of shareholders. Assuming the plan receives approval, 1,038,000 stock options belonging to directors and employees considered as inside traders will expire and be cancelled. The number of stock options outstanding fluctuated as follows:

	As at March 31, 2015		As at December 31, 2014	
	Number of stock options	**Weighted average exercisable price**	Number of stock options	Weighted average exercisable price
		$		$
Beginning balance	**1,474,000**	**0.46**	2,418,000	0.48
Expired	**(22,000)**	**0.98**	(50,000)	1.10
Cancelled	**—**	**—**	(894,000)	0.49
Ending balance	**1,452,000**	**0.45**	1,474,000	0.46

The table below summarizes the information about the stock option plan as at March 31, 2015:

Maturity date	Exercise price	Number of outstanding and vested options
August 31, 2016	$0.44	60,000
January 8, 2017	$0.40	80,000
August 2, 2017	$0.72	340,000
January 23, 2018	$0.50	72,000
May 8, 2018	$0.63	180,000
May 3, 2019	$0.34	300,000
August 20, 2019	$0.31	90,000
April 6, 2020	$0.32	90,000
December 10, 2023	$0.18	240,000
		1,452,000

Share-based compensation expense for the period ended March 31, 2015 totaled $ nil ($ nil in 2014).

12. Commitments and contingencies:

The Company has a lease commitment for its premises expiring February 28, 2016 with a company affiliated with a director (Note 14). Future minimum lease payments total $19,800 over the next year.

13. Financial instruments and financial risk management:

a) Financial instruments fair value:

The carrying values of cash and cash equivalents 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) Risks 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.

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	**76,318**	—	—
Debentures	**1,200,000**	—	—
Total contractual liabilities	**1,276,318**	—	—

The $1.2 million debentures are maturing on August 19, 2015 and are secured by all the property and assets of the Company. Management is currently negotiating with the debentures holders in order to renew or convert the debentures at the best interest of the Company. If there are no agreements reach before August 19, 2015, the debentures holders may exercise their rights.

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.

14. 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 salary agreement.

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

	2015	2014
	$	$
Management fees included in office and administration	**15,000**	16,574
Directors' fees	**7,500**	8,104

The Company has the following amounts owing to related parties:

	As at March 31, 2015	As at December 31, 2014
	$	$
Debentures: Major shareholder	**1,171,428**	1,155,169

During the period, interest expenses of 46,259 ($43,878 in 2014) were incurred on the debentures, of which $30, 000 were paid ($30,000 in 2014).

In March 2012, the Company signed a sublease agreement with a company affiliated with a director. During the period, the Company incurred $5,400 ($5,400 in 2014) of rent expenses related to this agreement.

15. 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:

	As at March 31, 2015	As at December 31, 2014
	$	$
Cash and cash equivalents	**216,063**	362,980
Debentures	**1,171,428**	1,155,169
Share capital	**15,283,101**	15,283,101

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. 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 year.