



Condensed Interim Financial Statements

For the three-month periods ended
March 31, 2020 and 2019

NIOCAN INC.

MANAGEMENT'S REPORT

Management's comments on unaudited Condensed Interim Financial Statements for the three-month periods ended March 31, 2020 and 2019

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, Guimond, Lavallée, Inc., 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 29th day of May 2020

(signed) *Hubert Marleau*
Hubert Marleau, President and CEO

(signed) *Bruno Dumais*
Bruno Dumais, CPA, CA, Chief Financial
Officer

NIOCAN INC.

Condensed Interim Statements of Financial Position

(in Canadian dollars)

		Unaudited	Audited
		As at March 31,	As at December 31,
	Note	2020	2019
Assets		\$	\$
Current assets			
Cash and cash equivalents		49,355	28,895
Receivables and Sales tax receivable		3,485	3,333
Prepaid expenses	4	18,775	30,625
Total current assets		71,615	62,853
Non-current assets			
Prepaid expenses	4	—	601
Land		506,887	506,887
Total non-current assets		506,887	507,488
Total assets		578,502	570,341
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	859,149	809,421
Debentures	6	2,345,000	2,270,000
Total current liabilities		3,204,149	3,079,421
Equity (Deficiency)			
Share capital	7	15,352,101	15,352,101
Contributed surplus		1,247,400	1,247,400
Warrants	8	231,000	231,000
Deficit		(19,456,148)	(19,339,581)
Total equity (deficiency)		(2,625,647)	(2,509,080)
Total liabilities and equity (deficiency)		578,502	570,341
Going concern	1		

The notes are an integral part of these condensed interim financial statements.

On behalf of the Board:

(signed) Hubert Marleau, Director

(signed) Guy Charette, Director

NIOCAN INC.

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited

(in Canadian dollars, unless otherwise stated)

		For the 3-month periods ended March 31,	
	Note	2020	2019
		\$	\$
Revenues		1,050	1,050
Expenses			
Professional fees		9,425	8,188
Office and administration		16,141	16,350
Directors' fees		8,101	8,160
Mining rights		7,037	6,383
Stock exchange, authorities and shareholders relations		8,504	8,303
Rent		2,484	585
Taxes and permits		5,375	5,250
Travel and business development		—	684
Insurance		3,715	3,715
Telecommunication & website		60	857
Bank charges		98	127
Total expenses		60,940	58,602
Net loss before net finance expenses		(59,890)	(57,552)
Net finance expense	6,12	56,677	52,274
Net loss and comprehensive loss for the period		(116,567)	(109,826)
Basic and diluted net loss per outstanding common share	9	(0,01)	(0,01)
Weighted average number of outstanding common shares	9	25,979,868	25,979,868

The notes are an integral part of these condensed interim financial statements.

NIOCAN INC.

Condensed Interim Statements of Changes in Shareholders' Equity

For the three-month periods ended March 31, 2020 and 2019

Unaudited

(in Canadian dollars, unless otherwise stated)

	Number of shares	Share Capital	Contributed Surplus	Warrants	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance at December 31, 2018	25,979,868	15,352,101	1,247,400	231,000	(18,885,678)	(2,055,177)
Net loss and comprehensive loss	—	—	—	—	(109,826)	(109,826)
Balance at March 31, 2019	25,979,868	15,352,101	1,247,400	231,000	(18,995,504)	(2,165,003)
Balance at December 31, 2019	25,979,868	15,352,101	1,247,400	231,000	(19,339,581)	(2,509,080)
Net loss and comprehensive loss	—	—	—	—	(116,567)	(116,567)
Balance at March 31, 2020	25,979,868	15,352,101	1,247,400	231,000	(19,456,148)	(2,625,647)

The notes are an integral part of these condensed interim financial statements.

NIOCAN INC.

Condensed Interim Statements of Cash Flows

For the three-month periods ended March 31, 2020 and 2019

Unaudited

(in Canadian dollars, unless otherwise stated)

	Note	2020	2019
		\$	\$
Cash flows from operating activities:			
Net loss		(116,547)	(109,826)
Changes in non-cash working capital items		62,007	72,673
		(54,560)	(37,153)
Cash flows from financing activities:			
Debenture issuance	6	75,000	-
		75,000	-
Net increase (decrease) in cash		20,440	(37,153)
Cash and cash equivalents at beginning		28,895	81,039
Cash and cash equivalents at the end		49,355	43,886

The notes are an integral part of these condensed interim financial statements.

NIOCAN INC.

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2020 and 2019

(in Canadian dollars, unless otherwise stated)

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 1670, 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 a publicly traded company listed on the TSX Venture Exchange (the "TSX-V") under the symbol "NIO".

The Company is in a development stage and has mineral exploration and development properties in the province of Québec. The Company does not capitalize the exploration and evaluation expenses. The Oka mining property consists of mining rights comprised of one mining lease and 49 claims covering 2,281 acres and the Great Whale property consists of surface and mining rights covering 24,883 acres on the Hudson Bay territory. Substantially, all 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 to obtain all permits, certificates and other authorizations to allow the Company to operate the niobium property. Management is currently working to obtain all the required permits and authorization to develop the Oka property.

The \$2.345 million debentures are maturing on October 31, 2020 and are secured by all the property and assets of the Company. Management is currently negotiating with the debentures holders to renew or convert the debentures at the best interest of the Company. If no agreements are reached before October 31, 2020 the debentures holders may exercise their rights.

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. 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.

NIOCAN INC.

Notes to the Condensed Interim Financial Statements For the three-month periods ended March 31, 2020 and 2019

(in Canadian dollars, unless otherwise stated)

2. Basis of preparation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the 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, 2019.

The financial statements were authorized for issue by the Board of Directors on May 29, 2020.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the warrants associated with the Debenture (note 6), which are measured at fair value through profit or loss.

Functional and presentation currency

These financial statements are presented in Canadian dollars, unless otherwise stated, which the Company's functional currency is.

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.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include, but are not limited to:

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Debentures

The assessment of the Company's carrying value of all assets if no agreements are reached with the debenture holders before October 31, 2020.

3. Significant accounting policies

The Company's significant accounting policies and estimates under IFRS are disclosed in the audited annual financial statements for the year ended December 31, 2019 and were applied consistently to all years.

NIOCAN INC.

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2020 and 2019

(in Canadian dollars, unless otherwise stated)

a) *Adoption of new accounting standards:*

The Company has adopted the following new standard and amendment to standards and interpretations, with a date of initial application of January 1, 2020 and have been applied in preparing these financial statements:

IAS 1 – Presentation of Financial Statements

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The amendments make minor changes to the definition of the term "material" and align the definition across all IFRS Standards. Materiality is used in making judgments related to the preparation of financial statements. The amendments are effective January 1, 2020 with earlier adoption permitted.

The adoption of these amendments did not have a significant impact on the financial statements.

4. Prepaid expenses

Prepaid expenses consist mostly of payment of rights on mining properties.

Oka property:

The Oka mining property consists of surface and mining rights comprised of one mining lease and 49 claims (49 in 2019) covering 2,281 acres (2,350 in 2019).

Great Whale property:

The Company owns surface and mining rights for the iron property of Great Whale comprising 224 claims (235 in 2019) covering 24,883 acres (35,000 in 2019) on the Hudson Bay territory.

5. Accounts payable and accrued liabilities

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Accounts payable and accrued liabilities	63,092	66,898
Accrued interest	790,359	733,682
Payroll benefits payable	5,698	8,841
	859,149	809,421

6. Debentures

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 as originally set to mature August 19, 2015 and got extended until October 31, subject to the ability of the Company to repay them at any time without penalty. The warrants expired on February 19, 2015. The Debenture is secured by all property and assets of the Company.

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Since 2016, the Company amended the debentures to consider various cash injections. The amendments also considered payment of the interest in shares instead of cash, starting in March 31, 2016.

In March 2020, the Company amended the debentures to consider \$75,000 cash injection to support the working capital.

7. Share capital

The number of shares issued and outstanding as at March 31, 2020 was 25,979,868 (December 31, 2019 – 25,979,868). The Company is authorized to issue an unlimited number of common shares, without par value.

8. Warrants

The number of warrants outstanding as at March 31, 2020 was 3,000,000 (December 31, 2019 – 3,000,000). During the period, no warrants were issued nor expired.

The weighted average remaining contractual life for the warrants outstanding as at March 31, 2020 was 0.47 year (December 31, 2019 – 0.72 years).

The weighted average exercisable price for the warrants outstanding as at March 31, 2020 was \$0.15 (December 31, 2019 - \$0.15).

9. Net loss per share

The calculation of basic net loss per share at March 31, 2020 was based on the loss attributable to common shareholders which corresponds to the loss for the period of \$116,567 (March 31, 2019 – \$109,826), and a weighted average number of common shares of 25,979,868 (March 31, 2019 – 25,979,868).

The calculation of diluted net loss per share at March 31, 2020 is the same as the basic net loss per share as all options had an anti-dilutive effect (March 31, 2019 - same).

10. 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. 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. The options vest immediately upon issuance and their life may not exceed 5 years. All options are recorded at fair value when granted.

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The plan must receive shareholder and TSX-V approval annually at the Company's annual general meeting of shareholders. No stock options were issued during the year. The number of exercisable stock options outstanding fluctuated as follows:

	As at March 31, 2020		As at December 31, 2019	
	Number of stock options	Weighted average exercisable price	Number of stock options	Weighted average exercisable price
	#	\$	#	\$
Balance at beginning	30,000	0.32	160,000	0.33
Expired	—	—	(130,000)	0.33
Balance at the end	30,000	0.32	30,000	0.32

The following table summarizes information about stock options outstanding and exercisable at March 31, 2020:

	Options outstanding		Options exercisable
Exercise price	Number of options	Weighted average remaining contractual	Number of options
\$ 0.32	30,000	0.26	30,000

Share-based compensation expense for the period ended March 31, 2019 totaled \$ nil (March 2019 – \$ nil).

11. Financial instruments and financial risk management

a) Financial instruments fair value:

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

	As at March 31, 2020		As at December 31, 2019	
	Carrying value	Fair value	Carrying value	Carrying value
	\$	\$	\$	\$
Financial assets (amortized costs)				
Cash	49,355	49,355	28,895	28,895
	49,355	49,355	28,895	28,895
Financial liabilities (amortized costs)				
Accounts payable and accrued liabilities	859,149	859,149	809,421	809,421
Debentures	2,345,000	2,345,000	2,270,000	2,270,000
	3,204,149	3,204,149	3,079,421	3,079,421

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In determining fair value, the Company uses observable data based on different levels which are defined as follows:

- First level includes quoted prices (unadjusted) in an active market of identical assets or liabilities;
- Second level includes data that are not based on observable inputs other than quoted prices included in the first level; and
- Third level includes data that are not based on observable market data.

The carrying value of cash, accounts payable and accrued liabilities are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments. (Level 1).

The carrying value of debentures is considered to be a reasonable approximation of fair value as they are all past their maturity date. (Level 2).

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 of cash and cash equivalents. Cash is maintained with high-credit, quality financial institutions. The maximum credit risk is equivalent to the book value.

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	859,149	—	—
Debentures	2,345,000	—	—
Total contractual liabilities	3,204,149	—	—

The \$2.345 million debentures matured on August 19, 2015 got extended subsequently until October 31, 2020 and are secured by all the property and assets of the Company. Management is currently negotiating with the debentures holders to renew or convert the debentures at the best interest of the Company. If no agreements are reached before October 31, 2020, the debentures holders may exercise their rights.

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(in Canadian dollars, unless otherwise stated)

iii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of variations in market interest rates. The debentures issued by the Company bear fixed-rate interest and expose the Company to the risk of fair value variation resulting from interest rate fluctuations.

A 1% change in the interest rate would have an impact of approximately \$20,000 on the Company's cash flow on an annual basis.

iv) COVID 19:

In March 2020, the World Health Organization declared a global pandemic related to novel coronavirus ("COVID-19") and the public health containment measures in place to limit the spread of COVID-19 have significantly reduced economic activity. The Company has assessed the impacts of the COVID-19 pandemic on its working capital and assessed whether the impact of COVID-19 has led to impairment of assets, including (i) land; and (ii) receivables and sales tax receivable. In making this judgment, management has assessed various criteria including, but not limited to, existing laws, regulations and potential disruptions in commodity prices and capital markets. As at March 31, 2020, management has determined that the value of the Company's assets is not materially impacted.

We have implemented capital preservation strategies to cope with the downturn of the economy, including but not limited to strengthening cost control measures. Meanwhile, the Company is exercising caution in conducting investment activities. Also, we are unable to estimate the potential impact on the ability to obtain further financing and on the Company's operations as at the date of these financial statements.

12. Related party transactions

Key management personnel compensation

Key management personnel correspond 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:

	As at March 31, 2020	As at March 31, 2019
	\$	\$
Management fees included in office and administration	16,141	16,350
Directors' fees	8,101	8,160

NIOCAN INC.

Notes to the Condensed Interim Financial Statements For the three-month periods ended March 31, 2020 and 2019

(in Canadian dollars, unless otherwise stated)

The Company has the following amounts owing to related parties:

	As at March 31,	As at December 31,
	2020	2019
	\$	\$
Debentures - Major shareholder	2,345,000	2,270,000
Accrued directors' and management fees	31,064	29,278
Accrued interest	790,359	733,682

During the period, interest expenses of \$56,677 (2019 - \$52,274 were incurred on the debentures, of which \$ nil were paid (2019 - \$ nil).

13. Capital disclosures

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern 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,	As at December 31
	2020	2019
	\$	\$
Cash and cash equivalents	49,355	28,895
Debentures	2,345,000	2,270,000
Share capital	15,352,101	15,352,101

The Company manages its capital structure and adjusts it in accordance with the objectives, as well as considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new debentures, shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents. 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.