



## Condensed Interim Financial Statements

For the three-month periods ended

March 31, 2021 and 2020

**NIOCAN INC.**

**MANAGEMENT'S REPORT**

**Management's comments on unaudited Condensed Interim Financial Statements for the three-month periods ended March 31, 2021 and 2020**

**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 26th 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 As at March 31, 2021	Audited As at December 31, 2020
	Note		
<b>Assets</b>		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		59,917	11,240
Receivables and Sales tax receivable		4,544	2,045
Prepaid expenses	4	202,224	23,580
<b>Total current assets</b>		<b>266,685</b>	<b>36,865</b>
<b>Non-current assets</b>			
Prepaid expenses	4	171,875	—
Land		506,887	506,887
<b>Total non-current assets</b>		<b>678,762</b>	<b>507,488</b>
<b>Total assets</b>		<b>945,447</b>	<b>543,752</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	5	1,134,928	1,090,395
Debentures	6	2,345,000	2,345,000
<b>Total current liabilities</b>		<b>3,479,928</b>	<b>3,435,395</b>
<b>Non current liability</b>			
Long-term debt	7	540,000	40,000
<b>Total liabilities</b>		<b>4,019,928</b>	<b>3,475,395</b>
<b>Equity (Deficiency)</b>			
Share capital	8	15,352,101	15,352,101
Contributed surplus		1,478,400	1,478,400
Deficit		(19,904,982)	(19,762,144)
<b>Total equity (deficiency)</b>		<b>(3,074,481)</b>	<b>(2,931,643)</b>
<b>Total liabilities and equity (deficiency)</b>		<b>945,447</b>	<b>543,752</b>
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	2021	2020
		\$	\$
<b>Revenues</b>		<b>1,050</b>	<b>1,050</b>
<b>Expenses</b>			
Professional fees		19,075	9,425
Office and administration		17,527	16,141
Directors' fees		5,378	8,101
Mining rights		20,407	7,037
Stock exchange, authorities and shareholders relations		9,274	8,504
Rent		2,115	2,484
Taxes and permits		6,077	5,375
Insurance		4,074	3,715
Telecommunications & website		119	60
Bank charges		94	98
<b>Total expenses</b>		<b>84,140</b>	<b>60,940</b>
<b>Net loss before net finance expenses</b>		<b>(83,090)</b>	<b>(59,890)</b>
Net finance expense	12	59,748	56,677
<b>Net loss and comprehensive loss for the period</b>		<b>(142,838)</b>	<b>(116,567)</b>
Basic and diluted net loss per outstanding common share	9	(0,01)	(0,01)
<b>Weighted average number of outstanding common shares</b>	9	<b>25,979,868</b>	<b>25,979,868</b>

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, 2021 and 2020

Unaudited

*(in Canadian dollars, unless otherwise stated)*

	Number of shares	ShareContributed Capital	Surplus	Warrants	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance at December 31, 2020	25,979,868	15,352,101	1,478,400	—	(19,762,144)	(2,931,643)
<b>Net loss and comprehensive loss</b>	—	—	—	—	<b>(142,838)</b>	<b>(142,838)</b>
<b>Balance at March 31, 2021</b>	<b>25,979,868</b>	<b>15,352,101</b>	<b>1,478,400</b>	<b>—</b>	<b>(19,904,982)</b>	<b>(3,074,481)</b>
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)
<b>Balance at March 31, 2020</b>	<b>25,979,868</b>	<b>15,352,101</b>	<b>1,247,400</b>	<b>231,000</b>	<b>(19,456,148)</b>	<b>(2,625,647)</b>

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, 2021 and 2020

Unaudited

*(in Canadian dollars, unless otherwise stated)*

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		\$	\$
<b>Cash flows from operating activities:</b>			
Net loss		<b>(142,838)</b>	(116,567)
Changes in non-cash working capital items		<b>(308,485)</b>	62,007
		<b>(451,323)</b>	(54,560)
<b>Cash flows from financing activities:</b>			
Debenture issuance	<b>6</b>	—	75,000
Long-term debt issuance	<b>7</b>	<b>500,000</b>	—
		<b>500,000</b>	75,000
Net increase in cash		48,677	20,440
Cash and cash equivalents at beginning		<b>11,240</b>	28,895
<b>Cash and cash equivalents at the end</b>		<b>59,917</b>	49,355

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, 2021 and 2020**

*(in Canadian dollars, unless otherwise stated)*

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#### **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 49 claims covering 2,281 acres and the Great Whale property consists of surface and mining rights covering 24,944 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 debenture is maturing on June 30, 2021 and is secured by all the property and assets of the Company. Management is currently negotiating with the debenture holders to renew or convert the debenture at the best interest of the Company. If no agreements are reached before June 30, 2021 the debenture 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.

#### **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

## **NIOCAN INC.**

### **Notes to the Condensed Interim Financial Statements For the three-month periods ended March 31, 2021 and 2020**

*(in Canadian dollars, unless otherwise stated)*

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same basis of presentation, accounting policies and methods of computation that were applied for the annual financial statements for the year ended December 31, 2020.

The financial statements were authorized for issue by the Board of Directors on May 26, 2021.

#### **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.

### **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, 2020 and were applied consistently to all years.

### **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 2020) covering 2,281 acres (2,281 in 2020).

#### *Great Whale property:*

The Company owns surface and mining rights for the iron property of Great Whale comprising 226 claims (224 in 2020) covering 24,944 acres (24,883 in 2020) on the Hudson Bay territory.

## NIOCAN INC.

### Notes to the Condensed Interim Financial Statements For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars, unless otherwise stated)

#### 5. Accounts payable and accrued liabilities

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Accounts payable and accrued liabilities	95,489	102,825
Accrued interest	1,026,777	967,037
Payroll benefits payable	12,662	20,533
	<b>1,134,928</b>	<b>1,090,935</b>

#### 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 June 30, 2021, 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.

#### 7. Long-term debt

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Loan, 6%, unsecured, interest payable quarterly starting In September 2021, maturing in March 2023	500,000	—
Loan, without interest, secured by the Federal government, maturing in December 2022	40,000	40,000
	<b>540,000</b>	<b>40,000</b>
Current portion	—	—
	<b>540,000</b>	<b>40,000</b>

During the period, the Company entered into an agreement with Nio-Metals for an unsecured bridge loan facility of \$500,000 (the “Bridge Loan”). The Bridge Loan has a 24-month term to maturity, bears interest of 6% per annum payable quarterly, starting in September 2021, and is not convertible. The Bridge Loan may be repaid at any time prior to maturity without penalty.

The loan secured by the Federal government considers a subvention of \$10,000 if the loan is reimbursed before December 31, 2022. If the loan is not repaid in full by December 31, 2022, the entire loan can be converted in a term loan, bearing interest at the rate of 5 %, payable monthly, without payment of capital before maturity, and maturing on December 31, 2025.

#### 8. Share capital

The number of shares issued and outstanding as at March 31, 2021 was 25,979,868 (December 31, 2020 – 25,979,868). The Company is authorized to issue an unlimited number of common shares, without par value.

## NIOCAN INC.

### Notes to the Condensed Interim Financial Statements For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars, unless otherwise stated)

#### 9. Net loss per share

The calculation of basic net loss per share at March 31, 2021 was based on the loss attributable to common shareholders which corresponds to the loss for the period of \$142,838 (March 31, 2020 – \$116,567), and a weighted average number of common shares of 25,979,868 (March 31, 2020 – 25,979,868).

The calculation of diluted net loss per share at March 31, 2021 is the same as the basic net loss per share as all options had an anti-dilutive effect (March 31, 2020 - 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.

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, 2021		As at December 31, 2020	
	Number of stock options	Weighted average exercisable price	Number of stock options	Weighted average exercisable price
	#	\$	#	\$
Balance at beginning	—	—	30,000	0.32
Expired	—	—	(30,000)	0.32
<b>Balance at the end</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Share-based compensation expense for the period ended March 31, 2021 totaled \$ nil (March 2020 – \$ nil).

## NIOCAN INC.

### Notes to the Condensed Interim Financial Statements For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars, unless otherwise stated)

#### 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, 2021		As at December 31, 2020	
	Carrying value	Fair value	Carrying value	Carrying value
	\$	\$	\$	\$
<b>Financial assets (amortized costs)</b>				
Cash and cash equivalents	59,917	59,917	11,240	11,240
	59,917	59,917	11,240	11,240
<b>Financial liabilities (amortized costs)</b>				
Accounts payable and accrued liabilities	1,134,928	1,134,928	1,090,395	1,090,395
Debentures	2,345,000	2,345,000	2,345,000	2,345,000
Long-term debt	540,000	540,000	40,000	40,000
	4,019,928	4,019,928	3,475,395	3,475,395

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. The carrying value of the long-term debt were accounted at amortized cost, and its fair value approximates its carrying value (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

## NIOCAN INC.

### Notes to the Condensed Interim Financial Statements For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars, unless otherwise stated)

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 - 24 months
	\$	\$	\$
Accounts payable and accrued liabilities	1,134,928	—	—
Debentures	2,345,000	—	—
Long-term debt	—	—	540,000
<b>Total contractual liabilities</b>	<b>3,479,928</b>	<b>—</b>	<b>540,000</b>

The \$2.345 million debentures matured on August 19, 2015 got extended subsequently until June 30, 2021 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 June 30, 2021, 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 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, 2021, 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.

## NIOCAN INC.

### Notes to the Condensed Interim Financial Statements For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars, unless otherwise stated)

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

	As at March 31, 2021	As at March 31, 2020
	\$	\$
Management fees included in office and administration	17,527	16,141
Directors' fees	5,378	8,101

The Company has the following amounts owing to related parties:

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Debentures - Major shareholder	2,345,000	2,345,000
Loan - Major shareholder	500,000	—
Accrued directors' and management fees	61,825	77,966
Accrued interest	1,026,777	967,037

During the period, interest expenses of \$59,740 (2020 - \$56,677 were incurred on the debentures, of which \$ nil were paid (2020 - \$ 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, 2021	As at December 31, 2020
	\$	\$
Cash and cash equivalents	59,917	11,240
Debentures	2,345,000	2,345,000
Long-term debt	540,000	40,000
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.