Niocan inc.
NIOBIUM / CANADA

Management's Discussion and Analysis

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Niocan ("Niocan" or the "Company") is a narrative explanation, through the eyes of Niocan's management, on how the Company performed during the three-month and the twelve-month periods ended December 31, 2019 as compared to the three-month and the twelve-month periods ended December 31, 2018.

This MD&A supplements the audited interim financial statements for the period ended December 31, 2019. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations. These results of operations should be read in conjunction with the MD&A, audited financial statements and accompanying notes as at and for the year ended December 31, 2019. All amounts in this MD&A are in Canadian dollars unless otherwise indicated. This MD&A contains information available as at the disclosure date.

The Company's headquarters are located in Montreal, Canada. Niocan is listed on the TSX Venture Exchange ("TSX-V") under the symbol NIO. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Responsibility of Management and the Board of Directors

Management is responsible for the information disclosed in this MD&A and the audited financial statements and accompanying notes, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. Niocan's Board of Directors has approved this MD&A and the audited financial statements and accompanying notes. In addition, Niocan's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by Niocan and has reviewed this MD&A and the audited financial statements and accompanying notes.

Forward Looking Statements

This document contains forward-looking statements, which reflect the Company's current expectations regarding certain future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Niocan, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

For information identifying known risks and uncertainties, relating to the issuance by the Ministry of Sustainable Development, Environment and Fight against Climate Change ("MDDELCC") of the Certificate of Authorization ("CA") to build the mine in Oka, financial resources, market prices, exchange rates, politico-social conflicts, competition, the purchase of the old St-Lawrence Columbium mine site from the Municipality of Oka should the CA be issued, and other important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk and Uncertainties Section of this Management's Discussion and Analysis. Consequently, actual results may differ materially from the anticipated results expressed in these forward-looking statements.

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Corporate Overview

Niocan's mission is to become a ferroniobium producer as soon as possible, following the issuance of a CA from the MDDELCC. In the long term, the Company plans to recover some by-products from the ore mineral resources and produce ferroalloys, as well as other related products. The Company has no significant income at this stage.

The Oka project involves the development of a mining complex based on an underground mine, a concentrator and a converter to produce ferroniobium. The project has completed all exploration phases, including two drilling campaigns in 1995, 1996, and 1997 for a total of 22,204 meters, to define two resource ore bodies: the S-60 and the HWM-2 (historical resources). Numerous metallurgical concentration tests and analyses were undertaken throughout the exploration period. These tests, on the various mineralized facies of the principal resource mineral prospect, the S-60, allow for the development of an optimal pyrochlore recovery process. Pyrochlore is the niobium-bearing mineral.

In 2004, Niocan acquired a property with three mineral prospects (historical resources) of magnetite ore, located near the Great Whale River (the "Great Whale Iron Property").

Management is currently working to obtain all the required permits and authorization to develop the Oka property. Niocan is of the view that its project will eventually bring significant financial returns to the local parties involved and it hopes to work with the community to eventually build a mutually beneficial project.

Management is also pursuing financing activities to get the CA in Oka and initiate exploration activities in Great Whale Iron Property.

Major event

The Company amended its secured subordinated debentures to consider the extension of the maturity date until April 30, 2020 (subsequently extended until October 31, 2020).

Results of Operations

Summary

	For the 3 months ended December 31,		For the 12 months ended December 31,	
	2019	2018	**2019**	2018
	$	$	$	$
Revenues	**5,000**	5,000	**11,150**	11,800
Expenses	**76,351**	50,208	**244,708**	298,155
Net finance expenses	**57,216**	53,460	**220,345**	201,347
Net loss and comprehensive loss	**128,567**	98,668	**453,903**	488,702
Basic and diluted loss per outstanding share	**(0.01)**	(0.00)	**(0.02)**	(0.02)
Weighted average number of outstanding shares	**25,979,868**	25,979,868	**25,979,868**	25,979,868

Oka Niobium Project

The Company has for many years been awaiting the receipt of a CA from the MDDELCC which would allow it to exploit its Oka mine project. The Company considers that it has produced all information required by the MDDELCC for the issuance of a CA; however, in spite of the Company's repeated attempts to obtain an indication from the MDDELCC as to its intentions relatively to the CA, the Company has not received conclusive information to this effect. During 2010, the Company met with different stakeholders in the Oka region to obtain additional support to convince the MDDELCC to issue the CA, which would allow the Company to build its underground

Niobium mine in the Ste. Sophie range of Oka, Quebec as soon as possible. In February 2010, representatives of the Company met with representatives of the Deputy Minister of Sustainable Development, Environment and Parks to further discuss the issuance of the CA. While the Company believes that this meeting was constructive and positive, the Company has not received further information as to if and when the CA will be issued by the MDDELCC.

During the fourth quarter of 2009, Niocan granted a mandate to Met-Chem for the formal update of the capital/operating costs of the projected mine complex in Oka. This project was completed during the first quarter of 2010 and a press release was issued on this subject in March 2010.

Moreover, the update to the 2000 socio-economic study performed by KPMG relative to the Oka Niobium Project was completed during the first quarter of 2010 to provide additional new information to all the Company's stakeholders, shareholders, government officials and departments and the regional communities. A press release was issued on this subject on March 17, 2010.

As further detailed above, the Company announced a revaluation. Niocan plans to complete the remaining segments of the feasibility study as per NI 43-101 only when the CA is issued by the MDDELCC, and this information will be needed at that time for financing purposes. The Company considers that an update of the complete feasibility study which would be compatible with NI 43-101 would require approximately six (6) months and would cost over $500,000.

To date, $6,372,056 has been spent in the Company's financial statements relative to land, exploration and evaluation assets for this project. These essentially consist in geotechnical studies, feasibility studies and studies for the design of the Oka Niobium mining project.

<u>Great Whale Iron Property</u>

On August 31, 2006, Met-Chem produced its technical report which recommends a plan of action on the Great Whale project for the period comprised between 2006 and 2008, which totalised seven million three hundred thousand dollars ($7,300,000). The Company has not started this work.

In July 2009, the Company collected new drilled core samples and cores drilled in 1957-60 by Belcher Mining Corporation Ltd from the A, D and E iron mineralized (36% Fe magnetite) sites on the GWIP (17,098 acres) located 80 kilometers from the twin villages of Kuujjuarapik – Whapmagoostui on the Hudson Bay. The objective of the 2009 program, for which $183,000 was spent in 2009, was to perform modern metallurgical tests to confirm the optimum ore grain size of the prospects (historical resources) for maximum iron liberation. The Company announced in February 2010 the delivery of this report, the results of which are further detailed above.

To date, $817,363 has been spent in the Company's Financial Statements relatively to exploration and evaluation assets for this project. These essentially consist in the study prepared by Met-Chem and fees relating to the land survey made by the Company, as well as costs engaged during 2009 for the metallurgical testing at Corem and more recently the work program which started in the fall of 2012.

<u>Results of Operations for the three-month period ended December 31, 2019</u>

Revenues for the fourth quarter ended December 31, 2019 were $ 5,000 as compared to a similar amount for the same period during the previous year from the leasing of some properties.

The operating expenses incurred for the fourth quarter of 2019 were $ 76,351 as compared with $ 50,208 in the fourth quarter of 2018. The increase of $ 26,143 in the operating expenses was caused by the increase in the professional fees and the travel and business development in order to raise capital and meet various potential investors.

Finance expenses for the fourth quarter of 2019 were $ 57,216 as compared with $ 53,460 in the fourth quarter of 2018, the increase of $ 3,756 in the current quarter was mainly attributable to an increased value of debenture following the cash injection in 2019.

The net loss and the comprehensive loss for the fourth quarter of 2019 was $ 128,567 or $ 0.01 per share, compared to a loss of $ 98,667 or $ 0.00 per share, for the fourth quarter of 2018.

Results of Operations for the twelve-month period ended December 31, 2019

Revenues for the twelve-month period ended December 31, 2019 were $ 11,150 as compared to a similar amount for the same period during the previous year from the leasing of some properties.

The operating expenses incurred for the twelve-month period ended on December 31, 2019 were $ 244,708 as compared with $ 298,155 in the same period of 2018. The decrease of $ 50,047 in the operating expenses was caused by the reduction in the mining fees following the decision not to renew some claims located in the surrounding zones.

Finance expenses for the twelve-month period ended on December 31, 2019 were $ 220,345 as compared with $ 201,347 in the same period of 2018, the increase of $ 18,998 in the current twelve-month period was mainly attributable to an increased value of debenture following the cash injection in 2019 and 2018.

The net loss and the comprehensive loss for the twelve-month period ended December 31, 2019 was $ 453,903 or $ 0.02 per share, compared to a loss of $ 488,72 or $ 0.02 per share, for the same period of 2018.

Selected Quarterly Financial Information

The following table presents certain extracts of the unaudited quarterly financial statements:

				2019				2018
(in $)	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**5,000**	**1,050**	**4,050**	**1,050**	5,000	1,050	3,700	1,050
Net Loss	**(128,567)**	**(106,186)**	**(109,324)**	**(109,826)**	(98,669)	(117,660)	(133,504)	(138,869)
Net Loss, per share	**(0.01)**	**(0.00)**	**(0.00)**	**(0.01)**	(0.00)	(0.01)	(0.00)	(0.01)

Since the Company has no mining operations at the present time, the Company had no significant revenues over the past years. The variations in net losses result mainly from variations in expenditures relating to professional and administration fees as well as registration fees related with claims currently held.

Liquidity and capital resources

The Company had $ 28,895 of cash as of December 31, 2019, compared to $ 81,039 as of December 31, 2018.

The Company considers that these funds are not sufficient to respect all its current commitments. However, the Company intends to raise additional money to finalize the CA issuance and to either extend the terms and conditions or convert the debentures. Furthermore, the Company have to raise additional funds to update the feasibility study as per NI 43-101 once the CA is issued by the MDDELCC, before raising substantial funds to proceed to the construction of the mine and the plant.

Operating Activity Cash Flows

Cash flow used in operating activities was $ 202,144 for the twelve-month period ended on December 31, 2019, a decrease of $ 8,907 from $ 211,051 used in the corresponding period of 2018. The variation of the accounts payable explains this variation in cash flows from operating activities.

Financing Activity Cash Flows

Financing activities resulted in a cash inflow of $ 150,000 for the twelve-month period ended on December 31, 2019, as compared to $ 150,000 for the same period during the previous year following the debenture issuance during the periods.

Investing Activity Cash Flows

Investing activities resulted in a cash inflow of $ nil for the twelve-month period ended on December 31, 2019, as compared with same for the same period during the previous year.

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 twelve-month period ended December 31, the Company incurred the following expenses with key management personnel:

	2019	2018
	$	$
Salary and management fees included in office and administration	**66,462**	65,139
Directors' fees	**32,527**	32,520

The Company has the following amounts owing to related parties as at December 31:

	2019	2018
	$	$
Debentures - Major shareholder	**2,270,000**	2,120,000
Accrued directors' and management fees	**29,278**	12,255
Accrued interest	**733,682**	513,340

During the twelve-month period ended December 31, 2019, interest expenses of $ 220,345 (2018 - $ 201,347) were incurred on the debentures, of which $ nil were paid ($ nil in 2018).

Going concern

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 surface and mining rights comprised of one mining lease and 49 claims covering over 2,281 acres and the Great Whale property consists of surface and mining rights covering over 24,883 acres on the Hudson Bay territory. 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 MDDELCC 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.

The $2.27 million Debenture is maturing on April 30, 2020 (subsequently extended until October 31, 2020), and is secured by all the property and assets of the Company. Management is currently negotiating with the Debenture holders in order to renew or convert the Debenture at the best interest of the Company. If no agreements are reached before April 30, 2020 (subsequently extended until October 31, 2020), 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.

Basis of preparation:

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

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

Basis of measurement
The financial statements have been prepared on the historical cost basis, except for the warrants associated with the Debenture.

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 April 30, 2020 (subsequently extended until October 31, 2020)

Significant accounting policies:

The accounting policies set out below were applied consistently to all years presented in these financial statements.

a) Cash and Cash Equivalents:
Cash and cash equivalents include cash on hand, deposits with banks and other highly liquid short-term investments with original maturities of three months or less.

b) 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 16% on 50% of the eligible expenses. The accounting treatment for refundable credit on mining duties depends on management's intention to go into

production in the future or 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.

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 expenses. 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 is recorded as a government grant against exploration and evaluation expenses.

Credits related to resources and credits on mining duties recognized against exploration and evaluation expenditures are recorded 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 statement upon recognition.

c) Land:

Land is recognized at cost. The carrying amount is reviewed at least at each financial year-end. Gains or losses arising on the disposal of the land is determined as the difference between the disposal proceeds and the carrying amount of the assets and is recognized in the statement of comprehensive loss.

When the land is no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts and the difference is immediately recognized in the statement of earnings (loss).

d) Mining properties and exploration and evaluation expenses:

Mining properties and exploration and evaluation expenses include mining properties and other exploration and evaluation costs. Mining properties correspond to acquired interests in mining exploration permits / claims which include the rights to explore for, mine, extract and sell all minerals from such claims. Costs incurred include appropriate technical and administrative overheads.

All exploration and evaluation costs are expensed as incurred.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops expensing exploration and evaluation costs for that area and record the amounts either as tangible or intangible mining assets under development according to the nature of the assets.

e) Provisions:

A provision is recognized if, because 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 net finance expenses.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

f) Deferred Income Tax and 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.

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.

g) Share capital:

Common shares

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

Warrants

The Company accounts for warrants using the fair value method. Under this method, the value of warrants is measured at fair value at the grant date using the Black-Scholes option pricing model, using management's assumptions and recorded as share capital when the warrants are exercised.

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.

h) Contributed Surplus:

Contributed surplus is used to record the accumulated fair value of stock options recognized as share-based payments. Contributed Surplus is increased by the fair value of these items on vesting and is reduced by the corresponding amounts when options are exercised.

i) Leases:

Leases contracts which contain the legal form of a lease are classified as either finance or operating leases. Finance leases represent leases that transfer substantially all of the risks and rewards of ownership of the leased asset. To assess whether a contract transfer substantially all the risks and rewards of ownership of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset if not identified.
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset it used.

The Company recognizes a right-of-use asset and a lease liability at the commencement of the lease. The right-of-use asset is initially measure based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when these is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, of if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (less than $8,000). The lease payments associated with these leases are classified as operating lease and are recognized as an expense on a straight-line basis over the lease term.

j) Net finance costs:

Net finance costs comprise interest income on funds invested, interest expense using the effective interest method, and changes in the fair value of the warrants associated with the Debenture.

k) 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 year 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 goods 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.

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 year, 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) Financial instruments:

Classification and measurement

IFRS 9 presents a new approach to the classification and measurement of financial assets that considers the business model for managing assets and the characteristics of the related cash flows. Financial assets are classified and valued according to three categories: at amortized cost, at fair value through other comprehensive income (“FVTOCI”) and at fair value through profit or loss (“FVTPL”). Financial liabilities are classified and measured according to two categories either at amortized cost or at FVTPL.

In accordance with IFRS 9, derivatives embedded in contracts where the host contract is a financial asset falling within the scope of the standard are not separated, but the hybrid financial instrument as a whole is valued for the purposes of ranking.

The following table provides a summary of the impact of the adoption of IFRS 9 on the classification. The adoption of the new classification requirements under IFRS 9 has not resulted in changes in the measurement or carrying amount of financial assets and liabilities.

Financial Instrument	Classification – IAS 39	Classification – IFRS 9
Cash and cash equivalent	Loans and receivables	Amortized costs
Accounts payable and accrued liabilities	Loans and receivables	Amortized costs
Debentures	Loans and receivables	Amortized costs

After their initial recognition, the financial assets are not reclassified, unless the Company detects a change in the economic model that it follows for the management of financial assets and that it reassesses the classification of its financial assets.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument in question. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Company has substantially transferred all of the risks and rewards of ownership. A financial liability is derecognized in the event of extinction, termination, cancellation or expiration.

Financial assets and liabilities are offset and the net balance is presented in the statement of financial position when there is a legally enforceable right to offset the amounts recognized and an intention either to settle on a net basis or to realize the asset and settle liabilities simultaneously.

At the time of initial recognition, the Company classifies its financial instruments according to the following categories, depending on the purposes for which the instruments were acquired:

Financial assets and liabilities designated at fair value through profit or loss (FVTPL)

Financial instruments in this category include assets voluntarily classified in this category and are recognised initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented in the statement of income (loss) and comprehensive income (loss).

<u>Financial liabilities at amortized cost</u>

Financial liabilities are initially measured at fair value net of transaction costs. The financial liabilities are then measured at amortized cost using the effective interest method, unless they are accompanied by an embedded derivative. In such cases, the Company designates the entire hybrid instrument as at fair value through profit or loss.

The financial liabilities are classified as current contract if the payment is redeemable within 12 months. If not, they are considered as non-current liabilities.

The Company has classified its financial instruments as follows:

Category	Financial instruments
At amortized cost	Cash and cash equivalents
	Accounts payable and accrued liabilities
	Debentures

Impairment of financial assets
At each reporting date of the statement of financial position, the Company assesses whether there is objective evidence that a financial asset, except for those at fair value through profit or loss, is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition (a "loss event") and that loss event has an impact on the estimated cash flows of the financial assets that can be reliably estimated.

If such evidence exists, the Company recognizes an impairment loss, as follows:

Amortized cost
Impairment loss is the difference between the amortized cost of the loan or receivable and the present value of discounted future cash flows estimated at the original instrument's effective interest rate. The carrying amount of the financial asset is reduced by this amount either directly or through the use of a reserve account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the impairment loss decreases and it can be related objectively to an event occurring after the impairment devaluation.

n) *Impairment of non-financial assets:*
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, an asset or a cash-generating unit are reviewed for impairment. In addition, when technical feasibility and commercial viability of extracting a mineral resource are proven, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property, plant and equipment.

An impairment loss is recognized in net income (loss) for the amount by which the asset or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

The impairment loss reduces the asset or is allocated pro-rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed whether there is any indication that an impairment loss recognized in prior periods may no longer exist. An impairment charge is reversed if the asset or cash generating unit's recoverable amount exceeds its carrying amount.

o) *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, 2019 and have been applied in preparing these financial statements:

IFRS 9, Financial Instruments ("IFRS 9")
The Company adopted the requirements of IFRS 9 Financial Instruments for the first time, with an initial application date of January 1, 2019. In accordance with the transitional provisions of IFRS 9, financial assets and liabilities held on January 1st, 2019 have been reclassified retrospectively with adjustment to previous periods, based on the new classification requirements considering the business model under which they were held on January 1st, 2019.

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

IFRS 16, Leases ("IFRS 16")
In January 2016, the IASB issued IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, which is the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces IAS 17, Leases ("IAS 17"), and related interpretations.

The Company adopted IFRS 16, effective January 1, 2019, using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17, Leases ("IAS 17").

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

IAS 12 – Income taxes
On January 19, 2016, the IASB published and amendment to IAS-12 "Income Taxes". The amendments to this standard relate to the recognition of deferred tax assets and liabilities, with the latter also being subject to a 'probable profits' test. The amendments are effective for annual periods beginning on or after 1 January 2019, with earlier application being permitted. The adoption of these amendments did not have a significant impact on the financial statements.

p) Future accounting standards:
Several new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2020 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below.

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 Company is assessing the impact of these amendments on its financial statements.

Number of Shares Issued

As at December 31, 2019, the number of nominal and fully diluted number of shares of the Company was as follows:

Common shares issued and outstanding	**25,979,868**
Options granted	**30,000**
Warrants issued and outstanding	**3,000,000**
Total	**29,009,868**

Capital Management

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 December 31 , 2019	As at December 31, 2018
	$	$
Cash and cash equivalents	**28,895**	81,039
Debentures	**2,270,000**	2,120,000
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.

Risks and uncertainties

The Company needs to obtain a Certificate of Authorization from the MDDELCC in order to build the Oka mine project. There is no assurance that the MDDELCC will issue this CA or that the CA will be issued in the near future.

The Company's mining lease on the Oka Property is set to expire in 2020. There is no assurance that the mining lease will be extended, especially since the Company has not initiated commercialization. In the event it is not or cannot be extended, the Company can maintain its mineral rights by securing mining claims on the Oka Property. In the event that the Oka Property becomes subject to mining claims, additional regulatory requirements will apply in order to convert the mining claims to a Mining Lease.

The Regional County Municipality of Deux-Montagnes (the "MRC") is in the process of assessing whether lands in its region could be considered incompatible with mining activities and may propose changes to its regional land use plan designating parts of its territory as incompatible with mining activities. Although, the area covered by the Company's mining lease cannot be designed as "mining incompatible" territory while the lease is in force, if the lease expires and if the Company acquires claims on the property, the MRC could initiate the process for the designation of such area as "mining incompatible" territory.

In 2001 the agricultural land use commission ("CPTAQ") authorized the non-agricultural use of specific parcels in the area of the Mining Lease. The authorization for non-agricultural use will expire on June 26, 2022. There is no assurance that the authorization will be extended, or a new authorization will be granted.

The Company needs to secure new equity and debt financing in order to ultimately realize the Oka Project and pursue the exploration/development of other properties it has acquired, particularly that of the Great Whale Iron mineral prospect. Given the nature of the speculative investment it is seeking in the capital markets, there is no assurance that the required financing will be available.

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.

There are many factors that could affect the Company's results that are not controlled by management, such as market prices, exchange rates, politico-social conflicts, competition and regulatory approvals.

The Company has not renewed its option to the purchase part of the old St-Lawrence Columbium mine site from the Municipality of Oka, which expired on June 30, 2008, pending a decision from the MDDELCC relating to the issuance of the Certificate of Authorization. While the Company has a verbal understanding with the municipality of Oka that the parties will wait for the issuance of the CA before finalizing the purchase agreement, there is no assurance that the municipality of Oka will accept to extend this offer to purchase in the future should the Certificate of Authorization be issued by the MDDELCC. A letter from the Ministry of Energy and Natural Resources ("MENR") to the MRC dated May 9, 2017 confirms that the SLC site is included in the MENR's mine sites rehabilitation program and that rehabilitation work is planned for 2019. The letter indicates that the MENR has the intention of completing the rehabilitation of the site. The rehabilitation of the site may create an impediment to its sale.

The Company takes great care to minimize these risks by carefully choosing consultants and advisors that are experienced leaders in their field of environment, mining engineering and law.

Subsequent events

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As at April 29, 2020, the Company is aware of changes in its operations as a result of the COVID-19 crisis. Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, 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.

In March 2020, the Company received $75,000 from its major shareholder as an advance towards the increase of the debentures. On April 29, 2020, the Company announced that it had amended its $2.27 million secured non-convertible debenture with Nio-Metals Holdings LLC ("Nio-Metals") dated February 19, 2013 to consider the $75,000 cash injection and to extend the maturity date from April 30, 2020 to October 31, 2020, subject to no other condition (the "Amended Secured Debenture"). Except for the maturity date, the other material terms and conditions of the Amended Secured Debenture have remained the same.

Other

The reader is referred to financial statements and notes to financial statements for more details. Additional information relating to the Company may be consulted on SEDAR at www.SEDAR.com.

Hubert Marleau
Chairman, President and Chief Executive Officer
April 29, 2020