



**Condensed Interim Financial Statements**

For the three-month and the nine-month periods ended  
September 30, 2017 and 2016  
(unaudited)

**NIOCAN INC.****Management's comments on unaudited Condensed Interim Financial Statements for the three-month and the nine-month periods ended September 30, 2017 and 2016****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 24<sup>th</sup> day of November 2017

**NIOCAN INC.**

## Statements of Financial Position

As at September 30, 2017 and 2016

*(Tabular amounts in Canadian dollars, unless otherwise stated)*

	Note	Unaudited 2017	Audited 2016
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash		183,447	158,920
Receivables	4	3,408	35,286
Prepaid expenses and deposits		134,847	127,380
<b>Total current assets</b>		<b>321,702</b>	<b>321,586</b>
<b>Non-current assets</b>			
Prepaid expenses and deposits		1,317	90,917
Mining properties and exploration and evaluation assets		6,372,056	6,372,056
Land		506,887	506,887
<b>Total non-current assets</b>		<b>6,880,260</b>	<b>6,969,860</b>
<b>Total assets</b>		<b>7,201,962</b>	<b>7,291,446</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	5	315,681	385,539
Debentures	6	1,970,000	1,650,000
<b>Total current liabilities</b>		<b>2,285,681</b>	<b>2,035,539</b>
<b>Non-current liability</b>			
Deferred tax liability		725,251	725,251
<b>Total non-current liability</b>		<b>725,251</b>	<b>725,251</b>
<b>Total liabilities</b>		<b>3,010,932</b>	<b>2,760,790</b>
<b>Equity</b>			
Share capital	7	15,352,101	15,352,101
Contributed surplus		1,247,400	1,247,400
Warrants	8	231,000	231,000
Deficit		(12,639,471)	(12,299,845)
<b>Total equity</b>		<b>4 191 030</b>	<b>4,530,656</b>
<b>Total liabilities and equity</b>		<b>7,201,962</b>	<b>7,291,446</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) Remo J. Mancini, Director

**NIOCAN INC.**

## Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited

*(Tabular amounts in Canadian dollars, unless otherwise stated)*

	Note	For the three months ended		For the nine months ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
		\$	\$	\$	\$
<b>Revenues</b>		—	—	3,000	3,000
<b>Expenses</b>					
Professional fees		(29,207)	8,500	(9,587)	213,954
Office and administration		12,857	5,000	37,024	30,524
Directors' fees		10,133	10,613	33,346	31,140
Trustees and registration fees		33,108	13,619	124,165	87,757
Rent		3,345	2,760	4,514	13,880
Taxes and permits		1,655	1,525	6,659	4,445
Travel and business development		748	2,800	1,945	3,527
Insurance		2,645	4,269	8,796	12,806
Telecommunication		1,164	4,013	4,924	11,698
Repairs and maintenance		1,251	—	5,327	—
Bank charges		108	182	345	470
<b>Total expenses</b>		<b>37,807</b>	53,281	<b>217,458</b>	410,201
<b>Net loss before net finance expenses</b>		<b>(37,807)</b>	(53,281)	<b>(214,458)</b>	(407,201)
Net finance expense	4	42,331	34,068	125,168	94,069
<b>Net loss and comprehensive loss for the period</b>		<b>(80,138)</b>	(87,349)	<b>(339,626)</b>	(501,270)
<b>Basic and diluted net loss per outstanding common share</b>					
<b>Net loss</b>	9	<b>(0,00)</b>	(0,00)	<b>(0,01)</b>	(0,02)
Weighted average number of outstanding common shares	9	25,979,868	25,979,868	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 Equity

For the three-month and the nine-month periods ended September 30, 2017 and 2016

Unaudited

*(Tabular amounts in Canadian dollars, unless otherwise stated)*

	<b>Number of shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Warrants</b>	<b>Deficit</b>	<b>Total</b>
	#	\$	\$	\$	\$	\$
Balance at December 31, 2015	25,979,868	15,352,101	1,247,400	231,000	(11,669,543)	5,160,958
Net loss and comprehensive loss	—	—	—	—	(501,270)	(501,270)
<b>Balance at September 30, 2016</b>	<b>25,979,868</b>	<b>15,352,101</b>	<b>1,247,400</b>	<b>231,000</b>	<b>(12,170,813)</b>	<b>4,659,688</b>
Balance at December 31, 2016	25,979,868	15,352,101	1,247,400	231,000	(12,299,845)	4,530,656
<b>Net loss and comprehensive loss</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(339,626)</b>	<b>(339,626)</b>
<b>Balance at September 30, 2017</b>	<b>25,979,868</b>	<b>15,352,101</b>	<b>1,247,400</b>	<b>231,000</b>	<b>(12,639,471)</b>	<b>4,191,030</b>

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

**NIOCAN INC.**

## Condensed Interim Statements of Cash Flows

For the nine-month periods ended September 30, 2017 and 2016

Unaudited

*(Tabular amounts in Canadian dollars, unless otherwise stated)*

	<b>Note</b>	<b>2017</b>	2016
		\$	\$
<b>Cash flows from operating activities:</b>			
Net loss		<b>(339,626)</b>	(501,270)
Changes in non-cash working capital items		<b>44,153</b>	148,324
		<b>(295,473)</b>	(352,946)
<b>Cash flows from financing activities:</b>			
Debenture issuance	<b>6</b>	<b>320,000</b>	450,000
		<b>320,000</b>	450,000
<b>Cash flows from investing activities:</b>			
		—	—
Net increase in cash		<b>24,527</b>	97,054
Cash, beginning of the period		<b>158,920</b>	152,501
<b>Cash, end of the period</b>		<b>183,447</b>	249,555
<b>Supplemental information</b>			
Interest paid		—	—

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

## **NIOCAN INC.**

### Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2017 and 2016

Unaudited

*(Tabular amounts 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. Substantially, all of the Company's efforts are currently devoted to financing, developing and obtaining permits for its niobium property in Oka.

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

With respect to the niobium property in Oka, the Company has determined in 1999 that the property contains ore resources which provide a conceptual indication of the potential of the property. The Company's application is under study with the Québec Ministry of Sustainable Development, Environment and Parks ("MDDEP") and the community of Oka in order to obtain all permits, certificates and other authorizations to allow the Company to operate the niobium property. Management is currently working in order to obtain all the required permits and authorization to develop the Oka property.

The \$1.97 million debentures are maturing on October 30, 2017 (then subsequently on April 30, 2018) and are secured by all the property and assets of the Company. Management is currently negotiating with the debentures holders in order to renew or convert the debentures at the best interest of the Company. If there are no agreements reach before April 30, 2018, 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. The recoverability of amounts shown for mineral properties and exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary authorizations and financing to complete the acquisition, exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in the ordinary course of operations.

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

#### **2. Basis of preparation**

##### **Statement of compliance**

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, 2016.

The financial statements were authorized for issue by the Board of Directors on November 24, 2017.

##### **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.

## NIOCAN INC.

### Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2017 and 2016

Unaudited

(Tabular amounts in Canadian dollars, unless otherwise stated)

#### 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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 3 with regards to the determination of capitalizable costs as exploration and evaluation assets (Note 3 c)), impairment of non-financial assets (Note 3 d)) and management's intention to become or not a producer in the future with respect to refundable credit on mining duties (Note 3 f)).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are disclosed in the audited annual financial statements for the year ended December 31, 2016:

- Notes 3 and 8 - recoverability of mining properties and other exploration and evaluation assets;
- Note 3 - assessment of refundable tax credits for resources;
- Note 9 - carrying value of all assets of the Company if no agreement is reached with the debenture holders before October 30, 2017; and
- Notes 11 and 13 - characteristic of the valuation model (Black-Scholes) for estimating fair value of warrants and share-based payment transactions.

### 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, 2016 and were applied consistently to all years.

#### Adoption of new accounting standards:

The Company has adopted the following new standards and amendments to standards and interpretations, with a date of initial application of January 1, 2017 and have been applied in preparing these financial statements:

##### *IAS 12 – Income taxes*

On January 19, 2016, the IASB issued amendments to IAS 12 Income Taxes. The amendments, Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. The adoption of these amendments did not have a significant impact on the financial statements.

##### *IAS 7 – Statement of cash flows*

On January 29, 2016, the IASB published an amendment to IAS-7 "Statement of Cash Flows". The amendment "Disclosure Initiative" clarifies that changes in liabilities arising from financing activities, including cash and non-cash changes, shall be disclosed in the Statement of Cash Flows. The adoption of these amendments did not have a significant impact on the financial statements.

### 4. Receivables

	As at September 30, 2017	As at December 31, 2016
	\$	\$
Sales taxes	—	28,786
Other receivables	3,408	6,500
	<b>3,408</b>	<b>35,286</b>

**NIOCAN INC.**

## Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2017 and 2016

Unaudited

*(Tabular amounts in Canadian dollars, unless otherwise stated)***5. Accounts payables and accrued liabilities**

	As at September 30, 2017	As at December 31, 2016
	\$	\$
Accounts payable	—	11,815
Accrued liabilities	33,715	225,453
Accrued interest	262,027	138,164
Payroll benefits payable	19,688	10,107
Sales tax	271	—
	<b>315,681</b>	<b>385,539</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 October 30, 2017, 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.

On May 26, 2016, the Company amended the debentures to consider a \$150,000 cash injection to support the working capital. The amendments also considered payment of the interest in shares instead of cash, starting in March 31, 2016.

On September 30, 2016, the Company amended the debentures to consider a \$300,000 cash injection to allow renewal of mining claim. The amendments also consider payment of interest in shares instead of cash.

On October 30, 2017, the Company amended the debentures to consider a \$320,000 cash injection to support the working capital. The amendments also consider payment of interest in shares instead of cash.

**7. Share capital:**

The number of shares issued and outstanding as at September 30, 2017 was 25,979,868 (December 31, 2016 – 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 June 30, 2017 was 3,000,000 (December 31, 2016 – 3,000,000). During the period, no warrants were issued nor expired.

The weighted average remaining contractual life for the warrants outstanding as at September 30, 2017 was 2.96 years.

**9. Net loss per share:**

The calculation of basic net loss per share at September 30, 2017 was based on the loss attributable to common shareholders which corresponds to the loss for the period of \$339,628 (2016 – loss of \$501,270), and a weighted average number of common shares of 25,979,868 (September 30, 2016 – 25,979,868).

The calculation of diluted net loss per share at September 30, 2017 is the same as the basic net loss per share as all options had an anti-dilutive effect (same at September 30, 2016).

**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

**NIOCAN INC.**

## Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2017 and 2016

Unaudited

*(Tabular amounts in Canadian dollars, unless otherwise stated)*

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 September 30, 2017		As at December 31, 2016	
	Number of stock options	Weighted average exercisable price	Number of stock options	Weighted average exercisable price
		\$		\$
Balance, beginning of the period	624,000	0.37	654,000	0.38
Expired	(140,000)	0.63	(30,000)	0.44
<b>Balance, end of the period</b>	<b>484,000</b>	<b>0.30</b>	<b>624,000</b>	<b>0.37</b>

The following table summarizes information about stock options outstanding and exercisable at September 30, 2017:

Exercise prices	Options outstanding		Options exercisable
	Number of options	Weighted average remaining contractual life	Number of options
0.17 – 0.18	240,000	1.19	240,000
0.31 – 0.39	160,000	1.82	160,000
0.50 – 0.72	84,000	0.52	84,000
	<b>484,000</b>	<b>1.28</b>	<b>484,000</b>

Share-based compensation expense totaled \$ nil (\$ nil at September 30, 2016).

**11. Financial instruments and financial risk management:**

## a) Financial instruments fair value:

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

## 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 and other receivables. Cash is maintained with high-credit, quality financial institutions.

## ii) Liquidity risk:

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

**NIOCAN INC.**

## Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2017 and 2016

Unaudited

*(Tabular amounts in Canadian dollars, unless otherwise stated)*

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	315,681	—	—
Debentures	1,970,000	—	—
<b>Total contractual liabilities</b>	<b>2,285,681</b>	<b>—</b>	<b>—</b>

The \$1.97 million debentures matured on August 19, 2015 and got extended until October 30, 2017 (then subsequently until April 30, 2018) and are secured by all the property and assets of the Company. Management is currently negotiating with the debentures holders in order to renew or convert the debentures at the best interest of the Company. If there are no agreements reach before April 30, 2017, the debentures holders may exercise their rights.

**12. Related party transactions:***Key management personnel compensation*

Key management personnel corresponds to the directors of the Company, including the Chief Executive Officer who is remunerated through a salary agreement.

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

	2017	2016
	\$	\$
Management fees included in office and administration	36,055	30,451
Directors' fees	33,346	31,139

The Company has the following amounts owing to related parties:

	As at September 30, 2017	As at December 31, 2016
	\$	\$
Debentures:		
Major shareholder	1,970,000	1,650,000

During the period, interest expenses of \$123,863 (September 30, 2016 - \$94,069) were incurred on the debentures, of which \$ nil were paid (2016 - \$ 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 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 September 30, 2017	As at December 31, 2016
	\$	\$
Cash	183,447	158,920
Debentures	1,970,000	1,650,000
Share capital	15,352,101	15,352,101

The Company manages its capital structure and makes adjustments to it in accordance with the aforementioned objectives, as well as in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new

**NIOCAN INC.**

## Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2017 and 2016

Unaudited

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*(Tabular amounts in Canadian dollars, unless otherwise stated)*

shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments. There is no dividend policy. The Company is not subject to externally imposed capital requirements. The Company's management of capital remained unchanged since the last year.

**14. Event after the reporting period:**

On October 30, 2017, the Company announces that it has amended its \$1.97 million secured non-convertible debenture with Nio-Metals dated February 19, 2013 to extend the maturity date from October 30, 2017 to April 30, 2018, 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. Discussions between the Company and Nio-Metals regarding a financing to replace the Amended Secured Debenture at maturity remain on-going.