



Condensed Interim Financial Statements

For the three-month and the nine-month periods ended
September 30, 2018 and 2017

NIOCAN INC.

Management's comments on unaudited Condensed Interim Financial Statements for the three-month and the nine-month periods ended September 30, 2018 and 2017

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 27th day of November 2018

NIOCAN INC.

Condensed Interim Statements of Financial Position

As at September 30, 2018 and 2017

(in Canadian dollars)

		Unaudited As at September 30, 2018	Audited As at December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		92,396	142,090
Receivables	4	6,524	4,087
Prepaid expenses and deposits		45,318	100,741
Total current assets		144,238	246,918
Non-current assets			
Prepaid expenses and deposits		20,626	—
Mining properties and exploration and evaluation assets		6,372,056	6,372,056
Land		506,887	506,887
Total non-current assets		6,899,569	6,878,943
Total assets		7,043,807	7,125,861
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	508,261	350,280
Debentures	6	2,120,000	1,970,000
Total current liabilities		2,628,261	2,320,280
Non-current liability			
Deferred tax liability		725,251	725,251
Total non-current liability		725,251	725,251
Total liabilities		3,353,512	3,045,531
Equity			
Share capital	7	15,352,101	15,352,101
Contributed surplus		1,247,400	1,247,400
Warrants	8	231,000	231,000
Deficit		(13,140,206)	(12,750,171)
Total equity		3,690,295	4,080,330
Total liabilities and equity		7,043,807	7,125,861
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***(in Canadian dollars, unless otherwise stated)*

	Note	For the three months ended		For the nine months ended	
		September 30,		September 30,	
		2018	2017	2018	2017
		\$	\$	\$	\$
Revenues		1,050	—	5,800	3,000
Expenses					
Professional fees		10,516	(29,207)	34,937	(9,587)
Office and administration		16,639	12,857	49,842	37,024
Directors' fees		8,100	10,133	24,221	33,346
Mining rights		24,227	32,012	90,053	98,739
Stock exchange, authorities and shareholders relations		3,185	1,095	20,745	25,426
Rent		235	3,345	3,970	4,514
Taxes and permits		1,759	1,655	10,414	6,659
Travel and business development		—	748	720	1,945
Insurance		3,652	2,645	10,955	8,796
Telecommunication & website		116	1,164	1,796	4,924
Repairs and maintenance		—	1,251	—	5,327
Bank charges		87	109	295	345
Total expenses		68,516	37,807	247,947	217,458
Net loss before net finance expenses		(67,466)	(37,807)	(242,148)	(214,458)
Net finance expense	4	50,194	42,331	147,887	125,168
Net loss and comprehensive loss for the period		(117,660)	(80,138)	(390,035)	(339,626)
Basic and diluted net loss per outstanding common share					
Net loss	9	(0,01)	(0,00)	(0,02)	(0,01)
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 Shareholders' Equity

For the nine-month periods ended September 30, 2018 and 2017

Unaudited

(in Canadian dollars, unless otherwise stated)

	Number of shares	Share Capital	Contributed Surplus	Warrants	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance at December 31, 2016	25,979,868	15,352,101	1,247,400	231,000	(12,299,845)	4,530,656
Net loss and comprehensive loss	—	—	—	—	(339,626)	(339,626)
Balance at September 30, 2017	25,979,868	15,352,101	1,247,400	231,000	(12,639,471)	4,191,030
Balance at December 31, 2017	25,979,868	15,352,101	1,247,400	231,000	(12,750,171)	4,080,330
Net loss and comprehensive loss	—	—	—	—	(390,035)	(390,035)
Balance at September 30, 2018	25,979,868	15,352,101	1,247,400	231,000	(13,140,206)	3,690,295

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, 2018 and 2017

(in Canadian dollars, unless otherwise stated)

	Note	2018	2017
		\$	\$
Cash flows from operating activities:			
Net loss		(390,035)	(339,626)
Changes in non-cash working capital items		190,341	44,153
		(199,694)	(295,473)
Cash flows from financing activities:			
Debenture issuance		150,000	320,000
		150,000	320,000
Cash flows from investing activities:			
		—	—
Net increase (decrease) in cash		(549,695)	24,527
Cash and cash equivalents at beginning		142,090	158,920
Cash and cash equivalents at the end		92,396	183,447

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, 2018 and 2017

(in Canadian dollars, unless otherwise stated)

1. Reporting entity and going concern

Niocan Inc. (the "Company") is domiciled in Canada. The address of the Company's registered office is 1, Place Ville-Marie, Suite 1670, Montréal, Québec. The Company, incorporated under the Québec *Companies Act* on August 29, 1995, holds a niobium property in Oka, Québec and exploration properties in the province of Québec. The Company is a publicly traded company listed on the TSX Venture Exchange (the "TSX-V") under the symbol "NIO".

The Company is in a development stage and has mineral exploration and development properties in the province of Québec. 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 \$2.12 million debentures are maturing on March 31, 2019 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 there are no agreements reach before March 31, 2019, 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

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For the nine-month periods ended September 30, 2018 and 2017

(in Canadian dollars, unless otherwise stated)

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, 2017.

The financial statements were authorized for issue by the Board of Directors on November ,27, 2018.

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 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 included in the following notes:

- Notes 3 and 5 - recoverability of mining properties and other exploration and evaluation assets;
- Note 3 - assessment of refundable tax credits for resources; and
- Note 7 - carrying value of all assets of the Company if no agreement is reach with the debenture holders before March 31, 2019.

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, 2017 and were applied consistently to all years.

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, 2018 and have been applied in preparing these financial statements:

IFRS 9 - Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9, Financial Instruments ("IFRS 9 (2009)"), and in October 2010, the IASB published amendments to IFRS 9 ("IFRS 9 (2010)"). In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9, Financial Instruments (2013). The new standard removes the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are

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For the nine-month periods ended September 30, 2018 and 2017

(in Canadian dollars, unless otherwise stated)

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

4. Receivables

	As at September 30, 2018	As at December 31, 2017
	\$	\$
Sales taxes	3,000	987
Other receivables	3,524	3,100
	6,524	4,087

5. Accounts payables and accrued liabilities

	As at September 30, 2018	As at December 31, 2017
	\$	\$
Accrued liabilities	42,459	25,493
Accrued interest	459,904	312,559
Payroll benefits payable	5,898	12,228
	508,261	350,280

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 September 30, 2018 (note 14), 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.

In 2016, the Company amended the debentures to consider a \$450,000 cash injection to support the working capital and allow renewal of mining claims. The amendments also considered payment of the interest in shares instead of cash, starting in March 31, 2016. In 2017, the Company amended the debentures to consider a \$320,000 cash injection to support the working capital.

In 2018, the Company amended the debentures to consider a \$150,000 cash injection to support the working capital.

7. Share capital

The number of shares issued and outstanding as at September 30, 2018 was 25,979,868 (December 31, 2017 – 25,979,868). The Company is authorized to issue an unlimited number of common shares, without par value.

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8. Warrants

The number of warrants outstanding as at September 30, 2018 was 3,000,000 (December 31, 2017 – 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, 2018 was 1.97 years.

9. Net loss per share

The calculation of basic net loss per share at September 30, 2018 was based on the loss attributable to common shareholders which corresponds to the loss for the period of \$390,035 (September 30, 2017 – loss of \$339,626), and a weighted average number of common shares of 25,979,868 (September 30, 2017 – 25,979,868).

The calculation of diluted net loss per share at September 30, 2018 is the same as the basic net loss per share as all options had an anti-dilutive effect (same at September 30, 2017).

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 September 30, 2018		As at December 31, 2017	
	Number of stock options	Weighted average exercisable price	Number of stock options	Weighted average exercisable price
		\$		\$
Balance at beginning	484,000	0.30	624,000	0.37
Expired	(84,000)	0.59	(140,000)	0.63
Balance at the end	400,000	0.24	484,000	0.30

The following table summarizes information about stock options outstanding and exercisable at September 30, 2018:

Exercise prices	Options outstanding		Options exercisable
	Number of options	Weighted average remaining contractual life	Number of options
0.17 – 0.18	240,000	0.19	240,000
0.31 – 0.39	160,000	0.82	160,000
	400,000	0.44	400,000

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Share-based compensation expense for the period ended September 30, 2018 totaled \$ nil (\$ nil at September 30, 2017).

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.

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	508,261	—	—
Debentures	2,120,000	—	—
Total contractual liabilities	2,628,261	—	—

The \$2.12 million debentures matured on August 19, 2015 and got extended until October 30, 2017 (then subsequently until March 31, 2019) 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 there are no agreements reach before March 31, 2019, the debentures holders may exercise their rights.

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.

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Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2018 and 2017

(in Canadian dollars, unless otherwise stated)

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

	2018	2017
	\$	\$
Management fees included in office and administration	49,842	36,055
Directors' fees	24,221	33,346

The Company has the following amounts owing to related parties:

	As at September 30, 2018	As at December 31, 2017
	\$	\$
Debentures - Major shareholder	2,120,000	1,970,000

During the period, interest expenses of \$147,887 (2017 - \$123,863) were incurred on the debentures, of which \$ nil were paid (2017 - \$ 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 September 30, 2018	As at December 31, 2017
	\$	\$
Cash and cash equivalents	92,396	142,090
Debentures	2,120,000	1,970,000
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 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.