NioBay METALS

MANAGEMENT'S DISCUSSION & ANALYSIS

Year ended December 31, 2018

NIOBAY METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Niobay Metals Inc. ("Niobay" or the "Company"), dated April 24, 2019, covers the years ended December 31, 2018 and 2017 and should be read in conjunction with the audited consolidated financial statements and related notes as at and for the years ended December 31, 2018 and 2017 (the "December 31, 2018 and 2017 consolidated financial statements"). The December 31, 2018 and 2017 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

DESCRIPTION OF BUSINESS

Niobay is a mineral resource company. The business of the Company consists of acquiring, exploring and developing mineral properties with a special interest for properties containing niobium. Niobay has not yet determined whether its properties contain economically viable mineral deposits.

Niobay's principal asset is a 100% interest in the James Bay Niobium Project located 40 km south of Moosonee, in the James Bay Lowlands in Ontario. NioBay also holds: i) through its 72.5%-owned subsidiary Crevier Minerals Inc., the Crevier niobium and tantalum project located in Quebec and ii) a 49% participation in certain mineral titles located in the Chibougamau region, Quebec, under a joint venture agreement with SOQUEM.

As at April 24, 2019, the Company has 45,690,111 common shares issued and outstanding. The common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol NBY. At December 31, 2018, the Company has cash and cash equivalents of $2.3 million.

JAMES BAY NIOBIUM PROJECT (ONTARIO)

In June 2016, the Company acquired the James Bay Niobium Project from Barrick Gold Inc., James Bay Columbium Ltd. and Goldcorp Inc. The property is located in the district of Cochrane, in the James Bay Lowlands in northeastern Ontario, and covers an area of 6,388 acres. The property rights are held through a Crown mining lease recorded in the name of the Company. The mining lease was last renewed for a term of 10 years which expired on February 28, 2018. In November 2017, the Company filed a renewal application and paid the required rental fees to renew the mining lease for an additional 10-year term. The application is being processed by the Ministry of Energy, Northern Development and Mines of Ontario (''MENDM''). The Company has been informed that the high volume of lease renewals has created a backlog, but the Company expects to receive the renewed lease in the near term.

The James Bay Niobium Project was discovered in 1966 by Consolidated Morrison Explorations Limited. At that time, exploratory and detailed drilling totaled over 14,000 meters, outlining the deposit to a maximum depth of 275 meters. The deposit was drilled along a strike of 730 meters. An exploration shaft was sunk to investigate soil conditions and to provide a 225 tons bulk sample. Subsequent pilot plant operations demonstrated a good quality pyrochlore concentrate with low impurities.

Following the acquisition of the James Bay Niobium Project, the Company gathered and compiled all of the historical data. A team of geologists cleaned and re-logged the historical drill core and over 600 samples from 12 representative historical diamond drill holes were re-assayed. In May 2017, the Company reported the results of preliminary metallurgical tests conducted by SGS Lakefield in Ontario using core from the historical drilling program. In November 2017, the Company announced an initial Mineral Resource estimate which estimate was updated in November 2018 as described below under *Mineral Resource Estimate*.

Drilling program

In October 2016, the Company filed an application with the MENDM for an exploration permit to conduct a drilling program on the James Bay Niobium Project. The main objective of the drilling program is to test the continuity of the high-grade zones of the deposit both laterally and at depth.As part of the process to obtain the permit, the Company and the MENDM had reached out to all affected stakeholders in the area of the James Bay Niobium Project, including the Moose Cree First Nation ("MCFN"). In June 2017, the Company was informed by the MENDM that its application for the exploration permit was put on temporary hold.

On January 29, 2019, the MENDM lifted the temporary hold and issued the exploration permit to the Company subject to certain terms and conditions in order to mitigate any potential adverse impact on the environment. This exploration permit enables the Company to conduct a drilling program totaling 3,000 meters over 8 holes.

Judicial review

On March 1, 2019, the MCFN and a member of the MCFN (the "Applicants") brought an application for judicial review seeking to, among other things, set aside the MENDM issued exploration permit and requiring the Crown to consult further and fully with MCFN before issuing any other permit. On March 20, 2019, nine councilors resigned as members of the Council of the MCFN. This group resignation has triggered the dissolution of the MCFN Chief and Council and has prompted the calling of a new general election, which has since been set for July 2, 2019. The Company has retained external legal counsel to review its options.

Information Center in Moosonee

In August 2018, the Company began work to set-up an information center located in the town of Moosonee, Ontario with the purpose of providing information on the James Bay Niobium Project to the surrounding population, including on the planned drilling program. The work on the information center was completed in December 2018 at a cost of $106,245, which was recorded as property and equipment on the Company's statement of financial position at December 31, 2018.

Mineral Resource Estimate

In November 2017, the Company had reported an initial Mineral Resource estimate for its 100% owned James Bay Niobium Project prepared in accordance with Canadian National Instrument 43-101 following the re-logging and re-sampling program of representative historical diamond drill holes conducted by NioBay. In November 2018, the Company reported an 11% increase to the initially reported Mineral Resource estimate due to a revised tonnage factor. A tonnage factor of 10.9 ft^3/ton was used compared to a tonnage factor of 12.2 ft^3/ton used in the initial 2017 estimate. The initial and updated Mineral Resource estimates were prepared by Roscoe Postle Associates Inc. (''RPA''). The effective date of the updated estimate is October 31, 2018 and the supporting technical report was filed on SEDAR.

Highlights of the October 31, 2018 Mineral Resource estimate:

Classification	Tonnes (Mt)	Grade ($\%Nb_2O_5$)	Contained Nb_2O_5 (Mkg)
Indicated	**26.1**	**0.53**	**139**
Inferred	**25.3**	**0.51**	**129**

Notes:

1. Minerals Resources are reported in metric tonnes.
2. CIM (2014) definitions were followed for Mineral Resources.
3. Mineral Resources are reported at a cut-off grade of 0.3% Nb2O5 based on an underground mining operating cost of C$70/tonne and a metallurgical recovery of 70%.
4. Mineral Resources are estimated using a long-term niobium price of US$40 per kg and a US$/C$ exchange rate of 1:1.2.
5. A tonnage factor of 10.9 ft^3/ton (2.93 g/cm^3) was used.
6. A minimum mining width of approximately 25 ft (7.6m) was used to build the resource wireframes.
7. Resources situated in a 150 ft (45.7m) thick crown pillar have been excluded.
8. The RPA Qualified Persons for the estimate are Dorota El Rassi, P.Eng. and Paul Chamois, P.Geo.

CREVIER PROJECT

The Crevier project is held through Crevier Minerals Inc, a private company 72.5% owned by the Company and 27.5% owned by Niobec Inc., a wholly-owned subsidiary of Magris Resources Inc. The Crevier niobium and tantalum resource project is located north of Lake St-Jean in the Roberval County, Quebec. The Crevier deposit was discovered in 1975 by SOQUEM. In 2010, a preliminary economic assessment of the development of the niobium-tantalum resource was prepared by Met-Chem Canada Inc. after which several feasibility-stage studies were conducted including a pilot plant process. Due to various factors including market conditions and commodity prices, the project has been on care and maintenance since 2014.

In August 2018, the Company initiated desktop evaluation work on the Crevier project considering that the price of niobium and tantalum had significantly increased since the beginning of 2017. The Company plans to conduct further metallurgical testing in 2019 using new techniques and equipment, with a view of increasing niobium and tantalum grades in concentrate. Depending on the tests results, the Company may evaluate various options to further develop the Crevier project.

The Company has a non-expiring right to acquire an additional interest of 15% in Crevier Minerals Inc. by paying in cash or in shares, at the option of the Company, $750,000 to the non-controlling shareholder, following which the Company may be required by the non-controlling shareholder (at any time during the following 18 months) to purchase its remaining interest of 12.5% in CMI by paying a total amount of $2,250,000.

LA PELTRIE PROJECT

On September 5, 2017, the Company had entered into a six-year option agreement with Midland Exploration Inc. ("Midland") to acquire up to a 65% interest in the La Peltrie gold project which consist of 520 claims totaling approximately 288 square kilometers, located in northwestern Quebec.

In early 2018, Midland, as operator of the exploration activities at the La Peltrie project, completed the compilation of all geophysical data to determine the geochemical signature of the area located in the north-west part of the property. This work was conducted as a follow-up to the 7-hole drilling campaign (1,881 meters) conducted in the fall of 2017 as reported in a press release dated April 6,

2018. In view of the results obtained and the Company's continued focus on its niobium assets, on January 15, 2019, the Company confirmed to Midland its decision to terminate the option agreement and has, as a result, written down the amount of $30,000 that had been capitalized up to December 31, 2018, in accordance with its accounting policy. As a result of the decision to terminate the option agreement, the Company did not pay the August 31, 2018 amount of $30,000 which had been deferred to January 31, 2019.

SOQUEM JOINT VENTURE

In January 2008, the Company had entered into a joint venture agreement with SOQUEM, for certain mineral titles located in Québec, including the Clairy, des Meloîzes, Lac Shortt and L'espérance properties. The Clairy property is located 120 km north from the Chibougamau mining camp and 40 km south of the former Troilus mine. The property includes 56 mining claims covering a surface area of 2,818 hectares. The minerals of interest are copper and zinc. The des Meloîzes property is located 7 km east of Amex Exploration's Perron gold property. The Lake Shortt and L'espérance properties are located about 135 km south-west from the Chibougamau mining camp and 15 km north-east from the Bachelor Lake concentrator. The Lac Shortt property includes 97 mining claims covering a surface area of 4,798 hectares. The L'espérance property holds 36 mining claims covering a surface area of 1,978 hectares. The mineral of interest is gold.

No work was conducted in 2018 on the mineral titles held by the Company through a joint venture agreement with SOQUEM.

QUALIFIED PERSON

Claude Dufresne, P. Eng, acted as the qualified person as defined in NI 43-101. He reviewed and approved the technical and scientific content of this MD&A. Mr. Dufresne is the President and CEO of the Company.

FINANCING WITH OSISKO GOLD ROYALTIES

On March 28, 2018, Osisko Gold Royalties Ltd ("Osisko") purchased, by way of a private placement, 9,000,000 common shares of the Company at a price of $0.26 per share for proceeds of $2,340,000. Osisko now owns approximately 19.7% of Niobay's issued and outstanding common shares on a non-diluted basis. Pursuant to the subscription agreement entered into between Niobay and Osisko, so long as Osisko holds not less than 10% of the then issued and outstanding shares of Niobay, Osisko will have the right to (i) nominate one director to Niobay's board of directors and (ii) participate in all future equity financings by Niobay to maintain its relative equity ownership. In addition, Osisko was granted an option to purchase a 1.0% royalty on all products to be produced from the James Bay Niobium Project. The option will be exercisable by paying $2,000,000 to Niobay at any time within 90 days following the delivery by Niobay to Osisko of a bankable feasibility study on the project.

APPOINTMENT OF A DIRECTOR

On April 30, 2018, the Company appointed Ms. Dawn Madahbee Leach to the Board of Directors of the Company. Ms. Madahbee Leach, General Manager of Waubetek Business Development Corporation since 1988, graduated from the University of Waterloo's Economic Development Program and holds a degree in Political Science and Law from York and Laurentian universities. She currently serves on the boards of Peace Hills Trust, the Northern policy Institute, and is the Vice Chair of the National Indigenous Economic Development Board. Ms. Madahbee Leach also participates on several Federal and Provincial economic advisory committees.

APPOINTMENT OF A VICE PRESIDENT, GEOLOGY

On November 22, 2018, the Company announced the appointment of Mr. Jacquelin Gauthier P.Geo. to the position of Vice President, Geology. Mr. Gauthier is a geologist with over 40 years of mining exploration and geology. He graduated from Université du Québec at Chicoutimi in applied sciences in 1975 (geological engineering). His experience includes senior positions with Kinross Gold Corp., Bema Gold Corp., Cambior Inc., Azimut Exploration Inc., Geomega Resources Inc., and Noranda Inc. He worked in Canada, Russia, Central Asia, Africa, and Mexico and has been directly responsible for three gold discoveries. He is a member of the Mining Advisory Committee of the Quebec *Autorité des Marchés Financiers* and the *Ordre des Géologues du Québec*.

GRANT OF STOCK OPTIONS

The Company approved in April 2018 the grant of a total of 1,800,000 stock options to directors, officers, employees and consultants of the Company at an exercise price of $0.25 per share. All of the stock options will be vesting over a period of two years and, if not exercised, will expire five years from the date of the grant.

FINANCIAL CONDITION

As at December 31, 2018, the Company had a working capital of $2,194,928 which includes the proceeds of $2,340,000 from the issue to Osisko in March 2018 of 9,000,000 common shares at a price of $0.26 per share.

The Company's planned exploration and evaluation work program for 2019 is estimated at $1.7 million, including $1.0 million related to the 3,000-meter drilling program at the James Bay Niobium Project described in the *James Bay Niobium Project* section, and $0.1 million for the planned expenditures at the Crevier project for metallurgical testing. General administrative expenses are budgeted at $0.8 million in 2019.

Since the Company does not generate cash flows, it will need to raise additional funds in 2019 through the issuance of equity, strategic partnerships or joint venture arrangements to meet its planned exploration and evaluation work programs. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company. If the Company is not successful in raising additional funds, it may be required to reduce the scope of, or eliminate its planned exploration and evaluation activities.

Taking into account the change in accounting policy related to exploration and evaluation expenses described below, the Company incurred a net loss of $1,329,196 ($0.03 per share) in 2018 compared to an adjusted net loss of $1,679,067 ($0.05 per share) in 2017. The loss in 2018 consisted mainly of exploration and evaluation expenses ($509,823), of which $331,721 related to the James Bay Niobium Project, management and administration expenses ($630,663), share-based compensation ($237,137) and a write-down of the La Peltrie project ($30,000), partially offset by an income related to flow-through shares ($40,703), representing the decrease in the liability portion of the flow-through financing completed in December 2017, and finance income ($32,134). The adjusted 2017 loss included exploration and evaluation expenses ($1,270,316), of which $514,728 related to the James Bay Niobium Project and $610,001 related to the La Peltrie project, management and administration expenses ($533,706) and share-based compensation ($20,272), partially offset by an income related to flow-through shares ($137,763), representing the decrease in the liability portion of the flow-through financing completed in December 2016, and finance income ($2,968).

NIOBIUM MARKET

Niobium is used in various forms such as oxide, pure metal, nickel master-alloys and alloys with other noble metals and in its most used form, ferro-niobium, representing approximately 90% of the production of niobium. Ferro-niobium ("FeNb") is used as an additive in the production of high quality steels which are used mostly in the manufacturing of automobiles, bridges, skyscrapers and other large steel structures, pipelines and stainless steels. The addition of niobium in steel reinforces and lightens the steel, makes it more resistant to corrosion, facilitates its welding and helps it withstand forces under high pressure and high temperature. The addition of niobium therefore has a positive impact on the reduction of CO_2 emission in the atmosphere which gives it a "green" metal recognition. The demand for niobium is thus directly related to the manufacture of these steels and the development of new specialty steels.

Niobium is classified as a critical and strategic metal for the United States, Europe and certain Asian countries. There are only three major producers, Araxa (previously CBMM) and Catalao in Brazil and Niobec in Canada.

CHANGES IN ACCOUNTING POLICIES

Exploration and Evaluation Expenses

At December 31, 2018, the Company changed its accounting policy related to exploration and evaluation expenses, which previously consisted in capitalizing all such expenditures. Under the new policy, the cost of acquiring prospective properties and exploration rights continues to be capitalized and exploration and evaluation costs, subsequent to acquisition, are expensed until it has been established that a mineral property is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company will capitalize expenditures incurred to develop the mine, prior to the start of mining operations. This change in accounting policy was applied retroactively and all related numbers for the year ended December 31, 2017 were adjusted retroactively to reflect changes made as a result of this change in accounting policy. Details of the restatement to the December 31, 2017 audited consolidated financial statements are presented in Note 3 to the Company's December 31, 2018 and 2017 consolidated financial statements.

Adoption of IFRS 9, Financial Instruments

Effective January 1, 2018, the Company has adopted IFRS 9 on a retrospective basis with restatement of comparative periods in accordance with the transitional provision of IFRS 9. IFRS 9 sets out requirements for recognizing financial assets and liabilities and replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The adoption of IFRS 9 resulted in a change in classification of the financial assets to the financial assets at amortized cost category while they were classified as loans and receivables under the classification prescribed by IAS 39. There was no change in the classification of financial liabilities. There was no impact on carrying values as a result of the adoption on IFRS 9, therefore, no adjustments were required to comparative figures as a result of this change in accounting policy.

EXPLORATION AND EVALUATION EXPENSES

Amounts invested in exploration and evaluation assets and capitalized in accordance with the Company's new accounting policy on exploration and evaluation expenses described above, are as follows:

	James Bay	**La Peltrie**	**Total**
	$	**$**	**$**
Adusted balance, December 31, 2016	399,945	-	399,945
Additions	-	30,000	30,000
Adjusted balance, December 31, 2017	399,945	30,000	429,945
Write down	**-**	**(30,000)**	**(30,000)**
Balance, December 31, 2018	**399,945**	**-**	**399,945**

Exploration and evaluation expenses charged to the statement of comprehensive loss during the years ended December 31, 2018 and 2017 are as follows:

Year ended December 31, 2018	**James Bay**	**La Peltrie**	**Crevier**	**Others**	**Total**
	$	**$**	**$**	**$**	**$**
Property payments	**1,920**	**15,739**	**12,176**	**14,094**	**43,929**
Wages and fees	**164,455**	**16,632**	**-**	**70,971**	**252,058**
Assaying	**-**	**-**	**-**	**2,745**	**2,745**
Transportation	**23,289**	**-**	**-**	**1,577**	**24,866**
Studies	**120,676**	**-**	**36,832**	**-**	**157,508**
Administrative and others	**21,381**	**4,736**	**1,427**	**1,173**	**28,717**
	331,721	**37,107**	**50,435**	**90,560**	**509,823**

Year ended December 31, 2017	**James Bay**	**La Peltrie**	**Soquem**	**Others**	**Total**
	$	**$**	**$**	**$**	**$**
Property payments	15,585	1,846	9,360	-	26,791
Wages and fees	202,148	203,909	67,466	4,475	477,998
Drilling and assaying	-	216,632	8,360	-	224,992
Transportation	25,212	150,576	-	-	175,788
Studies	250,140	-	16,087	-	266,227
Administrative and others	21,643	37,038	36,705	3,134	98,520
	514,728	610,001	137,978	7,609	1,270,316

SELECTED CONSOLIDATED FINANCIAL INFORMATION [1]

The following selected financial information should be read in conjunction with the Company's December 31, 2018 and 2017 consolidated financial statements.

	December 31, 2018	December 31, 2017
	$	$
		(adjusted)
Financial Position		
Cash	**2,291,378**	1,233,957
Exploration and evaluation assets	**399,945**	429,945
Total assets	**3,046,412**	1,924,360
Shareholders' equity	**2,715,069**	1,486,053

Comprehensive Loss	**Year ended December 31, 2018**	Year ended December 31, 2017	Year ended December 31, 2016
	$	$	$
		(adjusted)	(adjusted)
Net income (loss) for the year	**(1,329,196)**	(1,679,067)	1,428,765
Basic and diluted income (loss) per share	**(0.03)**	(0.05)	0.05
Cash Flows			
Operating activities	**(1,154,768)**	(1,904,071)	(781,751)
Investing activities	**(108,776)**	(2,105)	193,150
Financing activities	**2,321,075**	862,165	2,801,812

1) The Selected Consolidated Financial Information was derived from the Company's December 31, 2018 and 2017 consolidated financial statements, prepared in accordance with IFRS.

Since its incorporation, the Company has not paid any cash dividend on its outstanding common shares. Any future dividend payments will depend on the Company's financial needs to fund its exploration and evaluation programs and any other factor that the board of directors may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

FINANCIAL REVIEW

The Company is in the exploration and evaluation phase and does not yet have revenue-generating activities. Accordingly, the Company's financial performance is largely a function of the level of exploration and evaluation activities undertaken on its projects and the management and administrative expenses required to operate and carry out its activities.

Results for the year ended December 31, 2018 compared to the year ended December 31, 2017

The Company incurred a net loss of $1,329,196 during the year ended December 31, 2018 ($0.03 per share) compared to an adjusted net loss of $1,679,067 in 2017 ($0.05 per share). The net loss attributable to shareholders of the Company totaled $1,307,303 in 2018 compared to $1,678,149 in 2017. The variance in net loss between the two years is mostly due to reduced exploration and evaluation expenses during 2018, including a reduction of $572,894 on the La Peltrie project and $183,007 on the James Bay Niobium Project.

Management and administration expenses totaled $630,663 in 2018 ($533,706 in 2017). In 2018, the Company incurred higher wages and consulting expenses resulting mostly from the payment of director fees of $22,500 (nil in 2017), and higher investor relations and travel expenses due to the attendance during the year of additional investor-related events in Europe and in Canada.

Share-based compensation totaled $237,137 during the year ($20,272 in 2017). The increase in share-based compensation during the year resulted from the grant of 1,800,000 stock options in April 2018 to directors, officers and consultants and the grant of 150,000 stock options to a consultant in November 2018. No stock options had been granted in 2017.

In 2018, the Company has written down an amount of $30,000 that had been capitalized as exploration and evaluation assets, in accordance with its accounting policy. This amount represented the initial option payment made in 2017 in order to acquire an interest of up to 65% in the La Peltrie gold project in Quebec. In January 2019, the Company confirmed to Midland, the titleholder, its decision to terminate the option agreement.

During the year, the Company recorded an amount of $40,703 as income related to flow-through shares ($137,763 in 2017). At December 31, 2018, the Company had spent all of the flow-through funds raised in 2017. The Company realized $32,134 as finance income in 2018 ($2,968 in 2017). The increase in finance income results from higher liquidities held following the private placement of $2,340,000 completed in March 2018 with Osisko.

Results for the 4th quarter ended December 31, 2018 compared to the 4th quarter ended December 31, 2017

During the 4th quarter ended December 31, 2018, the Company incurred a net loss of $373,820 ($0.01 per share), compared to $811,638 ($0.02 per share) during the 4th quarter ended December 31, 2017. During the 4th quarter ended December 31, 2017, Midland, as operator, completed a total of 7 drill holes totaling 1,881 metres on the La Peltrie project, for a direct cost of $466,185. Management and administration expenses totaled $179,650 during the period ended December 31, 2018, compared to $86,002 in 2017. Management and administration expenses during the 2017 period included the reversal of a $40,000 provision related to investor relations expenses.

Selected Quarterly Financial Information

The following is a summary of the Company's financial results for the past eight quarters:

	Finance income	Net loss	Net loss attributable to shareholders of the Company	Basic and diluted loss per share
Period ended	$	$	$	$
December 31, 2018	12,183	(373,820)	(359,395)	(0.01)
September 30, 2018	11,613	(362,908)	(358,591)	(0.01)
June 30, 2018	6,967	(367,080)	(365,598)	(0.01)
March 31, 2018	1,371	(225,388)	(223,719)	(0.01)
December 31, 2017 *(1) (2)*	586	(811,638)	(811,212)	(0.02)
September 30, 2017 *(1)*	976	(306,872)	(306,569)	(0.01)
June 30, 2017 *(1)*	636	(269,546)	(269,530)	(0.01)
March 31, 2017 *(1)*	770	(291,011)	(290,838)	(0.01)

(1) Adjusted following the change in accounting policy on exploration and evaluation expenses.

(2) Includes exploration and evaluation expenses of $807,778, partially offset by income related to flow-through shares of $84,852.

Liquidity and Capital Resources

The Company's working capital at December 31, 2018 totaled $2,194,928 compared to a working capital of $1,035,834 at December 31, 2017. The increase in the working capital during the year ended December 31, 2019 is mainly attributable to the proceeds of the private placement of $2,340,000 completed in March 2018 with Osisko, partially offset by the exploration and evaluation expenses of $509,823 and management and administration expenses of $630,663.

The Company estimates that the working capital available at December 31, 2018 will not be sufficient to cover its general administrative expenses and its planned exploration and evaluation budget for 2019. The Company's properties are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flow. The potential sources of future funds presently available to the Company are through equity financing, joint venture or other arrangements. The ability of the Company to arrange future financings will depend in part upon global economic and capital market conditions, the potential of its projects as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If the Company is not successful in raising additional funds, it may be required to reduce the scope of, or eliminate its planned exploration and evaluation activities.

Capital Management

In managing its capital, the objective of the Company is to preserve its ability to continue its mining exploration while maintaining the current exploration programs and evaluation of mining assets, to provide sufficient working capital to meet its current commitments and to pursue potential investments. The capital of the Company consists of equity attributable to shareholders of the Company of $2,627,823 ($1,376,914 at December 31, 2017). 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.

Off-Balance Sheet Arrangements

As at December 31, 2018, the Company has no off-balance sheet arrangements.

Transactions with Related Parties

In 2018, the Company incurred administration expenses of $30,000 ($33,000 in 2017), mainly for the use of office space and telecommunication services provided by Reunion Gold Corporation (a TSXV-listed company), a related party by virtue of common management. A company controlled by the CEO of the Company invoiced nil for the services of a market analyst ($26,400 in 2017).

The remuneration to directors and key management of the Company, including the President and CEO and the CFO totaled $462,783 during the year ended December 31, 2018, including $181,033 as share-based compensation ($266,796 in 2017, including $9,795 as share-based compensation).

Contingencies

MDN Tanzania Limited, a subsidiary of the Company, received notices of assessment in April and June 2016 in respect of withholding taxes and other deductions for the period from 2007 to 2011, claiming an amount of approximately $300,000 plus accrued interest of approximately $600,000. In 2013, the Company had received notices of assessment totalling approximately $470,000 in respect of withholding taxes on alleged interest payments by MDN Tanzania to the Company for the period from 2004 to 2011. The Company has not recorded any provisions on these matters as management believes that it has always paid its withholding taxes and other statutory deductions in accordance with local requirements and that the amounts claimed are unfounded. MDN Tanzania continues to defend its position with the Tanzanian tax authorities.

Following an audit of the tax credits relating to resources claimed by and paid to Crevier Minerals Inc. for the years 2010, 2011 and 2012, Revenu Québec issued in April 2015 a notice of assessment for an amount of $370,517, stipulating that certain expenses were not eligible for such tax credits relating to resources. Despite its disagreement with the notice of assessment, the Company recorded a specific provision of $144,000 presented as accounts payable and accrued liabilities on the Company's consolidated statements of financial position at December 31, 2018 and 2017. CMI will continue to defend its position with the tax authorities.

Outstanding Share Data

As at April 24, 2019, the Company has 45,690,111 common shares issued and outstanding, 250,000 share purchase warrants with an average exercisable price of $0.30 per share expiring in July 2019, and 2,998,800 stock options outstanding with an average exercise price of $0.29 per share, expiring at various dates until February 2024.

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND ADOPTION OF IFRS 9, Financial Instruments

The Company's consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The accounting policies, methods of computation and presentation applied in the Company's consolidated financial statements are consistent with those of the previous year, except for the change in accounting policy related to exploration and evaluation expenses and the adoption of IFRS 9. The significant accounting policies of the Company, including significant accounting judgements and estimates, are presented in Note 4 to the December 31, 2018 and 2017 consolidated financial statements filed on SEDAR. The detail of the change in accounting policy related to exploration and evaluation expenses is presented in Note 3 to the December 31, 2018 and 2017 consolidated financial statements.

The Company adopted IFRS 9, *Financial Instruments*, effective January 1, 2018. The adoption of this standard did not have an impact on the Company's consolidated financial statements. There was no impact on carrying values and equity as at January 1, 2018, as a result of the adoption of the standard, and no measurement differences on the Company's financial instruments.

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of the Company's consolidated financial statements that are expected to be relevant to the Company are presented in Note 4 to the December 31, 2018 and 2017 consolidated financial statements filed on SEDAR.

FINANCIAL RISK FACTORS

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign exchange risk, credit risk, liquidity risk and interest rate risk. Where material, these risks are reviewed by the board of directors. These risks are described and presented in Note 15 to the December 31, 2018 and 2017 consolidated financial statements filed on SEDAR.

OTHER RISKS AND UNCERTAINTIES

The Company is subject to a number of significant risks and uncertainties which include but are not limited to the nature of its business and the present stage of exploration, evaluation and development of its mineral projects and the requirement for additional funds to pursue its planned exploration, evaluation and development activities on its project. Failure to successfully address such risks and uncertainties could have a significant negative impact on the Company's overall operations and financial condition and could materially affect the value of the Company's assets and future operating results. Therefore, an investment in the securities of the Company involves significant risks and should be considered speculative. The risks and uncertainties described herein are not necessarily the only ones that the Company could be facing. The Company cannot give assurance that it will successfully address these risks or other unknown risks that may affect its business. Readers should carefully consider the risks and uncertainties described below.

Company Specific Risks

- The Company may be unable to obtain all necessary permits as well as environmental and social acceptability for the development of the James Bay Niobium Project by affected stakeholders, including Moose Cree First Nation.
- The Company may be unable to continue funding the exploration, evaluation and development of its projects and achieve its objectives and milestones.
- The Company's plans and objectives as well as its ability to raise funds may be affected by low metal prices.
- In Ontario, mineral rights are property rights that can be sold, transferred or leased. The Company is taking steps to verify title with respect to its most material mineral properties. Although the Company believes that title to its mineral properties are in good standing there is no guarantee that title to such properties will not be challenged or impugned.
- The Company's mineral resources estimates are not mineral reserves. There is no assurance that minerals will be discovered in sufficient quantities to justify commercial operations and that the Company will be able to demonstrate the economic viability of its projects.
- Future issuance of common shares into the public market may result in dilution to the existing shareholders.
- The Company faces substantial competition within the mining industry from other mineral companies with much greater financial and technical resources.
- The Company does not expect to receive revenues from operations in the foreseeable future.
- Certain directors and senior officers of the Company also serve as officers and/or directors of other mineral resource companies, which may give rise to conflicts.

Industry Risks

- Mineral exploration, evaluation and development is a high risk, speculative business. Few properties that are explored are ultimately developed into producing mines.
- Mineral exploration is subject to geological uncertainties and interpretation.
- Mineral exploration is subject to numerous industry operating and environmental hazards and risks, many of which are beyond the Company's control.
- Substantial expenditures are required to explore mineral projects, define mineral resources, and complete all metallurgical, engineering, environmental, financial and other studies required to complete a feasibility study.
- Necessary permits to operate may not be granted or may be granted later than anticipated.
- Social and environmental groups may be opposed to the development of mining projects.
- Commodity prices including the price of niobium have fluctuated in the past and may continue to do so in the future.
- Current economic uncertainties globally have created market volatility and risk aversion among investors, limiting capital raising options.
- Changes in mining and environmental laws are beyond the Company's control.
- Mining operations including exploration, evaluation and development activities are subject to numerous laws and regulations.
- Title to mineral rights and surface rights may be disputed.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements as defined in applicable Canadian securities laws (referred to herein as "forward-looking statements"). Specifically, this MD&A includes forward-looking statements regarding the Company's strategic plans and objectives; the timing, completion and results of planned exploration and drilling programs, resource estimate and planned preliminary economic assessment; future financial results and future financings. Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements.

Risks and uncertainties that could cause results or future events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, the result of the judicial review process, the timing and results of consultations with the aboriginal groups, changes and volatility of metal prices and equity markets, the uncertainties involved in interpreting geological data and estimating mineral resources, changes or delays in exploration plans, the results of exploration programs, risks related to the receipt of regulatory and governmental permits and approvals, increases in costs, changes in environmental legislation and regulation, general economic conditions and mining industry risks, as well as other risk factors discussed in this MD&A. All forward-looking statements in this MD&A are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law.

Additional Information and Continuous Disclosure

This MD&A has been prepared as at April 24, 2019. Additional information on the Company is available through regular filings of press releases, financial statements and MD&A on SEDAR (www.sedar.com) and on the Company's website (www.niobaymetals.com).

NioBay
METALS

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

In Canadian Dollars

Independent auditor's report

To the Shareholders of
Niobay Metals Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Niobay Metals Inc. and its subsidiaries (together, the Company) as at December 31, 2018, December 31, 2017 and January 1, 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018, December 31, 2017 and January 1, 2017;
- the consolidated statements of loss and comprehensive loss for the years ended December 31, 2018 and 2017;
- the consolidated statements of shareholders' equity for the years ended December 31, 2018 and 2017;
- the consolidated statements of cash flows for the years ended December 31, 2018 and 2017; and
- the notes to consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 2 to the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and that we have communicated to them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Maxime Guilbault.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
April 24, 2019

[1] CPA auditor, CA, public accountancy permit No. A128042

Niobay Metals Inc.
Consolidated Statements of Financial Position

(in Canadian dollars)	**December 31, 2018**	December 31, 2017	January 1, 2017
	$	$	$
		(Note 3 – adjusted)	(Note 3 – adjusted)
ASSETS			
Current			
Cash and cash equivalents (Note 5)	**2,291,378**	1,233,957	2,281,637
Sales taxes receivable	**52,003**	76,427	51,717
Tax credits related to resources and mining taxes receivable	**151,008**	139,608	139,608
Prepaid expenses and deposits	**31,882**	24,149	16,225
	2,526,271	1,474,141	2,489,187
Non-current			
Exploration and evaluation assets (Note 6)	**399,945**	429,945	399,945
Property and equipment (Note 7)	**120,196**	20,274	24,855
TOTAL ASSETS	**3,046,412**	1,924,360	2,913,987
LIABILITIES			
Current			
Accounts payable and accrued liabilities (Note 8)	**331,343**	397,604	482,838
Liability related to flow-through shares (Note 9)	**-**	40,703	137,763
TOTAL LIABILITIES	**331,343**	438,307	620,601
EQUITY			
Share capital (Note 9)	**71,042,682**	68,702,682	67,805,705
Contributed surplus	**7,048,886**	6,811,749	6,813,357
Deficit	**(75,463,745)**	(74,137,517)	(72,435,733)
Equity attributable to shareholders of the Company	**2,627,823**	1,376,914	2,183,329
Non-controlling interests	**87,246**	109,139	110,057
TOTAL EQUITY	**2,715,069**	1,486,053	2,293,386
TOTAL LIABILITIES AND EQUITY	**3,046,412**	1,924,360	2,913,987

Going concern (Note 2), Contingencies (Note 18) and Events after the Reporting Date (Note 20).

The accompanying notes form an integral part of these consolidated financial statements.

/s/ Claude Dufresne
Claude Dufresne, Director

/s/ Raymond Legault
Raymond Legault, Director

Niobay Metals Inc.
Consolidated Statements of Loss and Comprehensive Loss

(in Canadian dollars)	**Years ended December 31, 2018**	2017
	$	$
		(Note 3 – adjusted)
Expenses		
Exploration and evaluation (Note 11)	**509,823**	1,270,316
Management and administration (Note 12)	**630,663**	533,706
Share-based compensation	**237,137**	20,272
Depreciation of property and equipment	**8,854**	6,686
Write-down of exploration and evaluation assets (Note 6)	**30,000**	-
Operating loss	**(1,416,477)**	(1,830,980)
Finance income	**32,134**	2,968
(Loss) gain on foreign exchange	**(110)**	2,923
Income related to flow-through shares (Note 9)	**40,703**	137,763
Loss before income taxes	**(1,343,750)**	(1,687,326)
Recovery of tax credits related to resources (Note 13)	**11,516**	-
Recovery of mining duties (Note 13)	**3,038**	8,259
Net loss and comprehensive loss	**(1,329,196)**	(1,679,067)
Net loss and comprehensive loss attributable to:		
Shareholders of the Company	**(1,307,303)**	(1,678,149)
Non-controlling interests	**(21,893)**	(918)
Basic and fully diluted loss per common share (Note 14)	**(0.03)**	(0.05)
Weighted average number of common shares - basic and diluted	**43,544,906**	32,940,058

The accompanying notes form an integral part of these consolidated financial statements.

Niobay Metals Inc.
Consolidated Statements of Shareholders' Equity

(in Canadian dollars)	**Number of issued and outstanding common shares**	**Share capital**	**Contributed surplus**	**Deficit**	**Equity attributable to shareholders of the company**	**Non-controlling interests**	**Total shareholders' equity**
		$	**$**	**$**	**$**	**$**	**$**
Balance at December 31, 2017 (Note 3 – adjusted)	36,690,111	68,702,682	6,811,749	(74,137,517)	1,376,914	109,139	1,486,053
Shares issued pursuant to a private placement (Note 9)	**9,000,000**	**2,340,000**	**-**	**-**	**2,340,000**	**-**	**2,340,000**
Share issue expenses on private placement (Note 9)	**-**	**-**	**-**	**(18,925)**	**(18,925)**	**-**	**(18,925)**
Share-based compensation	**-**	**-**	**237,137**	**-**	**237,137**	**-**	**237,137**
Net loss and comprehensive loss	**-**	**-**	**-**	**(1,307,303)**	**(1,307,303)**	**(21,893)**	**(1,329,196)**
Balance at December 31, 2018	**45,690,111**	**71,042,682**	**7,048,886**	**(75,463,745)**	**2, 627,823**	**87,246**	**2,715,069**
Balance at December 31, 2016 (Note 3 – adjusted)	32,685,127	67,805,705	6,813,357	(72,435,733)	2,183,329	110,057	2,293,386
Shares issued pursuant to a private placement (Note 9)	3,704,984	815,097	-	-	815,097	-	815,097
Shares issued pursuant to the La Peltrie option agreement (Note 9)	200,000	30,000	-	-	30,000	-	30,000
Shares issued on exercise of warrants (Note 9)	100,000	51,880	(21,880)	-	30,000	-	30,000
Share issue expenses on private placement (Note 9)	-	-	-	(23,635)	(23,635)	-	(23,635)
Share-based compensation	-	-	20,272	-	20,272	-	20,272
Net loss and comprehensive loss	-	-	-	(1,678,149)	(1,678,149)	(918)	(1,679,067)
Balance at December 31, 2017	36,690,111	68,702,682	6,811,749	(74,137,517)	1,376,914	109,139	1,486,053

The accompanying notes form an integral part of these consolidated financial statements.

Niobay Metals Inc.
Consolidated Statements of Cash Flows

	Years ended December 31,	
(in Canadian dollars)	**2018**	2017
	$	$
		(Note 3 – adjusted)
Operating activities		
Net loss	**(1,329,196)**	(1,679,067)
Adjustments		
Share-based compensation	**237,137**	20,272
Depreciation of property and equipment	**8,854**	6,686
Write-down of exploration and evaluation assets	**30,000**	-
Income related to flow-through shares	**(40,703)**	(137,763)
Foreign exchange loss (gain)	**110**	2,923
Changes in working capital items		
Sales taxes receivable	**24,424**	(24,710)
Tax credits related to resources and mining taxes receivable	**(11,400)**	-
Prepaid expenses and deposits	**(7,733)**	(7,924)
Accounts payable and accrued liabilities	**(66,261)**	(84,488)
	(1,154,768)	(1,904,071)
Investing activities		
Additions to property and equipment (Note 7)	**(108,776)**	(2,105)
Financing activities		
Private placements (Note 9)	**2,340,000**	855,800
Share issue expenses (Note 9)	**(18,925)**	(23,635)
Exercise of warrants and stock options (Note 9)	**-**	30,000
	2,321,075	862,165
Effect of exchange rate changes on cash held in foreign currency	**(110)**	(3,669)
Net change in cash and cash equivalents	**1,057,421**	(1,047,680)
Cash, beginning of year	**1,233,957**	2,281,637
Cash and cash equivalents, end of year	**2,291,378**	1,233,957
Supplemental cash flow information		
Value of shares issued on acquisition of exploration and evaluation assets	**-**	30,000
Liability related to flow-through shares	**-**	(40,703)
Fair value of warrants and stock options exercised	**-**	21,880

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Niobay Metals Inc. ("Niobay or the "Company") is primarily engaged in the acquisition and exploration of mineral properties. Niobay is a company domiciled in Canada that was incorporated under Part 1A of the *Companies Act* (Québec) and is now governed by the *Business Corporations Act* (Québec). The address of the Company's registered office is 1 Place Ville-Marie, Suite 4000, Montréal, Quebec, Canada.

The Company holds a 100% interest in the James Bay niobium property, located in northern Ontario, Canada and holds through its 72.5%-owned subsidiary Crevier Minerals Inc. ("CMI"), the Crevier niobium and tantalum project, located in Québec. The Company also holds a 49% direct participation in certain mineral titles located in Québec, under a joint venture agreement dated January 18, 2008 with SOQUEM, a subsidiary of Investissement Québec, including the Clairy, Lac Shortt, des Meloîzes and L'espérance properties.

All amounts in these consolidated financial statements are expressed in Canadian dollars unless otherwise indicated. Niobay's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol NBY.

The Board of Directors approved and authorized for issuance these consolidated financial statements on April 24, 2019.

2. GOING CONCERN

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

At December 31, 2018, the Company had a working capital of $2,194,928 ($1,035,834 at December 31, 2017), had an accumulated deficit of $75,463,745 (an adjusted accumulated deficit of $74,137,517 at December 31, 2017 – Note 3) and incurred a loss of $1,329,196 for the year ended December 31, 2018 (an adjusted loss of $1,679,067 in 2017 – Note 3). Working capital at December 31, 2018 included cash and cash equivalents of $2,291,378 ($1,233,957 at December 31, 2017).

The Company estimates that the working capital available at December 31, 2018 will not be sufficient to cover its general administrative expenses and its planned exploration and evaluation budget for 2019. Since the Company does not generate cash flows, it will need to raise additional funds in the future through the issuance of debt or equity instruments or a combination of strategic partnerships or joint venture arrangements to meet future work requirements. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company.

If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

December 31, 2018 and 2017 (in Canadian dollars)

3. CHANGES IN ACCOUNTING POLICIES

a) *Exploration and evaluation expenses*

At December 31, 2018, the Company changed its accounting policy related to exploration and evaluation expenses, which previously consisted in capitalizing all such expenditures. The Company believes that expensing early stage exploration and evaluation costs as incurred provides more reliable and relevant financial information. Under the new policy, the cost of acquiring prospective properties and exploration rights continues to be capitalized and exploration and evaluation costs, subsequent to acquisition, are expensed until it has been established that a mineral property is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company will capitalize expenditures incurred to develop the mine, prior to the start of mining operations.

The audited consolidated financial statements as at and for the year ended December 31, 2017 have been adjusted retroactively to reflect adjustments made as a result of this change in accounting policy.

Consolidated Statement of Financial Position as at December 31, 2017

	As previously reported	Adjustment	As adjusted
	$	$	$
ASSETS			
Current	1,474,141	-	1,474,141
Non-current			
Exploration and evaluation assets	1,917,726	(1,487,781)	429,945
Property and equipment	20,274	-	20,274
TOTAL ASSETS	3,412,141	(1,487,781)	1,924,360
LIABILITIES			
Accounts payable and accrued liabilities	397,604	-	397,604
Liability related to flow-through shares	40,703	-	40,703
TOTAL LIABILITIES	438,307	-	438,307
SHAREHOLDERS' EQUITY			
Share capital	68,702,682	-	68,702,682
Contributed surplus	6,811,749	-	6,811,749
Deficit	(72,649,736)	(1,487,781)	(74,137,517)
Equity attributable to shareholders of the Company	2,864,695	(1,487,781)	1,376,914
Non-controlling interests	109,139	-	109,139
TOTAL EQUITY	2,973,834	(1,487,781)	1,486,053
TOTAL LIABILITIES AND EQUITY	3,412,141	(1,487,781)	1,924,360

December 31, 2018 and 2017 (in Canadian dollars)

3. CHANGES IN ACCOUNTING POLICIES (continued)

a) *Exploration and evaluation expenses* (continued)

Consolidated Statement of Financial Position as at January 1, 2017

	As previously reported	Adjustment	As adjusted
	$	$	$
ASSETS			
Current	2,489,187	-	2,489,187
Non-current			
Exploration and evaluation assets	614,777	(214,832)	399,945
Property and equipment	24,855	-	24,855
TOTAL ASSETS	3,128,819	(214,832)	2,913,987
LIABILITIES			
Accounts payable and accrued liabilities	482,838	-	482,838
Liability related to flow-through shares	137,763	-	137,763
TOTAL LIABILITIES	620,601	-	620,601
SHAREHOLDERS' EQUITY			
Share capital	67,805,705	-	67,805,705
Contributed surplus	6,813,357	-	6,813,357
Deficit	(72,220,901)	(214,832)	(72,435,733)
Equity attributable to shareholders of the Company	2,398,161	(214,832)	2,183,329
Non-controlling interests	110,057	-	110,057
TOTAL EQUITY	2,508,218	(214,832)	2,293,386
TOTAL LIABILITIES AND EQUITY	3,128,819	(214,832)	2,913,987

December 31, 2018 and 2017 (in Canadian dollars)

3. CHANGES IN ACCOUNTING POLICIES (continued)

a) *Exploration and evaluation expenses* (continued)

Consolidated Statement of Comprehensive Loss for the year ended December 31, 2017

	As previously reported	Adjustment	As adjusted
	$	$	$
Expenses			
Exploration and evaluation	4,475	1,265,841	1,270,316
Management and administration	536,840	(3,134)	533,706
Share-based compensation	10,947	9,325	20,272
Depreciation of property and equipment	5,769	917	6,686
Operating loss	(558,031)	(1,272,949)	(1,830,980)
Finance income	2,968	-	2,968
Gain on foreign exchange	2,923	-	2,923
Income related to flow-through shares	137,763	-	137,763
Loss before income taxes	(414,377)	(1,272,949)	(1,687,326)
Recovery of mining duties	8,259	-	8,259
Net loss and comprehensive loss	(406,118)	(1,272,949)	(1,679,067)
Basic and diluted loss per common share	(0.01)	(0.04)	(0.05)

Consolidated Statement of Cash Flows for the year ended December 31, 2017

	As previously reported	Adjustment	As adjusted
	$	$	$
Cash flow from operating activities	(663,690)	(1,240,381)	(1,904,071)
Cash flow from investing activities	(1,242,486)	1,240,381	(2,105)
Cash flow from financing activities	862,165	-	862,165
Effect of exchange rate changes on cash held in foreign currency	(3,669)	-	(3,669)
Net change in cash	(1,047,680)	-	(1,047,680)

3. CHANGES IN ACCOUNTING POLICIES (continued)

b) Adoption of IFRS 9, Financial instruments ("IFRS 9")

Effective January 1, 2018, the Company has adopted IFRS 9 on a retrospective basis with restatement of comparative periods in accordance with the transitional provision of IFRS 9. IFRS 9 sets out requirements for recognizing financial assets and liabilities and replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The adoption of IFRS 9 resulted in a change in classification of the financial assets to the financial assets at amortized cost category while they were classified as loans and receivables under the classification prescribed by IAS 39. There was no change in the classification of financial liabilities. There was no impact on carrying values as a result of the adoption on IFRS 9, therefore, no adjustments were required to comparative figures as a result of this change in accounting policy.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as published by the International Accounting Standards Board ("IASB"). The accounting policies followed in these consolidated financial statements are consistent with those of the previous year, with the exception of the change in accounting policy for exploration and evaluation expenditures, as described in Note 3 a) and the accounting policy on financial instruments following the adoption of IFRS 9, as described in Note 3 b).

b) Basis of measurement

These consolidated financial statements have been prepared using the historical cost basis, except for the revaluation of certain financial instruments using fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, namely CMI (72.5% interest) and MDN Tanzania Limited (“MDN Tanzania”) (100% interest).

The financial statements of the Company’s subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

A subsidiary which is fully consolidated but not fully owned by the Company results in a non-controlling interest that is presented separately on the consolidated statements of comprehensive loss and the consolidated statements of financial position.

The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. The share of net income (loss) and other comprehensive income (loss) attributable to non-controlling interests is recognized directly in equity even if the results of the non-controlling interests have a deficit balance.

The Company treats transactions with non-controlling interests as transactions with equity shareholders. Changes in the Company’s ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Foreign currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of Niobay and its subsidiaries CMI and MDN Tanzania.

Transactions in foreign currencies are translated to the respective functional currencies of each entity at exchange rates at the date of transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency of each entity are translated at the exchange rate in effect at the reporting date. Non-monetary assets and liabilities denominated in a foreign currency that are measured at fair value are translated at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in a foreign currency that are measured at historical cost are translated at the exchange rate in effect at the transaction date. Foreign currency differences arising on translation are recognized in profit or loss.

When a foreign operation is disposed of, the related amount in the cumulative translation adjustment account is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant share of such cumulative amount is allocated to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item which consist of a receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are presented as other comprehensive income (loss) and recognized in the cumulative translation adjustment account in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, FVPL or fair value through other comprehensive income (“FVOCI”), as appropriate. The Company considers whether a contract (other than a financial asset) contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. The Company has no financial assets at FVPL and at FVOCI.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash and cash equivalents, including accrued interest, are classified as and measured at amortized cost.

Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. Accounts payable and accrued liabilities are classified as and measured at amortized cost.

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm’s length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

Fair values (continued)

Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets

A loss allowance for expected credit losses is recognized in net loss for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and, if any, FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investment in equity instruments. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12 - month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition. The Company assumes that there is no significant increase in credit risk for instruments that have a low credit risk.

Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate.

A financial liability is derecognised when the associated obligation is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Exploration and evaluation assets

Costs related to exploration and evaluation of mineral properties are recognized in profit or loss as incurred. All option payments and costs of acquiring mineral rights are capitalized as exploration and evaluation assets. Exploration and evaluation assets are assessed for impairment indicators at the end of each reporting period.

Any option payments or proceeds from the sale of royalty interests received by the Company are credited to the capitalized cost of the related exploration and evaluation asset. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts with the difference recognized in profit or loss. When the technical feasibility and the commercial viability of extracting a mineral resource are demonstrable and a mine development decision has been made by the Company, exploration and evaluation assets related to the mining property are transferred as tangible assets and related development expenditures are capitalized. Before the reclassification, the related exploration and evaluation assets are tested for impairment and any impairment loss is then recognized in profit or loss.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, including a) the extent to which mineral reserves or mineral resources as defined in National Instrument 43-101 have been identified through a feasibility study or similar document; b) the results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study; c) the status of environmental permits; and d) the status of mining leases or permits.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation of property and equipment begins when the asset is ready for use.

The depreciation is recorded using the straight-line method for the building over a period of 10 years, and the declining balance method at the rate of 20% for exploration equipment, 20% for furniture and 30% for computer equipment, insofar as it best reflects the expected pattern of realization of future economic benefits associated with the asset.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted accordingly.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Impairment of non-financial assets

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply: exploration rights have expired or will expire in the near future; no future substantive exploration expenditures are budgeted or planned; no commercially viable quantities or minerals have been discovered and exploration and evaluation activities will be discontinued; exploration and evaluation assets are unlikely to be fully recovered from successful development or by sale; or a significant drop in metal prices. If any such indication exists, then the asset's recoverable amount is estimated.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets even if there are no facts and circumstances that indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The level identified by the Company for the purposes of testing exploration and evaluation assets and mining properties for impairment corresponds to each property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit ("group of units") on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The carrying amounts of exploration and evaluation assets and property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Provisions

A provision is recognized if, as a result 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.

j) Share capital

Common shares are classified as equity. Expenses directly attributable to the issue of common shares are presented as a deduction of deficit, net of any tax effects.

k) Flow-through financing

The Canadian tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the entity. These securities are referred to as flow-through shares. The Company finances a portion of its exploration programs with flow-through shares.

At the time that flow-through shares are issued, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability related to flow-through shares. The Company estimates the fair value of the liability using the residual method, by comparing the price of the flow-through share to the quoted price of the Company's shares at the date of the announcement of the financing.

A Company may renounce the deductions for tax purposes under either what is referred to as the "general" method or the "look-back" method. When tax deductions are renounced under the general method, and the Company has the expectation of renouncing and has capitalized the expenditures during the current year, then the entity records a deferred tax liability with a corresponding income tax expense. The liability is reduced to zero and a corresponding income is recorded. When tax deductions are renounced under the look-back method, the Company records a deferred tax liability with a corresponding income tax expense when expenditures are made and capitalized. At that time, the liability is reduced to zero and a corresponding income is recorded.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Share-based payments

The fair value of share-based payment awards granted to directors and employees is recognized as a compensation expense, with a corresponding increase to contributed surplus, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of options granted for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of options granted that do meet the related service and non-market performance conditions at the vesting date.

m) Finance income

Finance income is recorded using the effective interest method in profit or loss. Finance income received is classified under operating activities in the consolidated statements of cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Income taxes

The income tax expense includes current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

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 taxes are recognized as income or expense in profit or loss except to the extent that tax arises from business combinations and transactions recognized in equity. When deferred taxes relate to equity items, a retroactive analysis is necessary to determine the adjustment to taxes (for example a change in tax rates or a change in the valuation allowance) that should be recorded in equity.

For this purpose, the accounting policy of the Company is to allocate changes in the recognition of deferred tax assets based on their expected maturity date.

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 at 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 for the same taxable entity, or for different taxable 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) 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 8% of expenses incurred for mining activities in Québec. The accounting treatment for refundable credit on mining duties depends on whether management's intention is to go into production in the future or it is 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 for 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 at the same time a deferred tax liability and deferred tax expense 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 assets.

The Company is also eligible for a refundable tax credit related to resources on eligible expenses incurred. The rate of the refundable tax credit related to resources can be up to 31% of the amount of eligible expenses incurred. This tax credit is recorded against exploration and evaluation expenses.

Credits related to resources and credits on mining duties recognized against exploration and evaluation expenditures are recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

p) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares issued. 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 period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise warrants and share options granted to directors and employees.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Segment reporting

The Company determined that it had only one operating segment, being mining exploration and evaluation.

r) Accounting standards issued but not yet effective

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of these consolidated financial statements that are expected to be relevant to the Company are listed below. Certain other standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 16, Leases

In January 2016, the IASB published IFRS 16, *Leases* which will replace IAS 17, *Leases*. IFRS 16 is effective for the Company's annual reporting periods beginning on January 1, 2019. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. Leases become an on-balance-sheet liability that attract interest, together with a new asset. The Company does not expect that its consolidated financial statements will be affected on the adoption of IFRS 16.

s) *Judgments, estimates and assumptions*

Many of the amounts included in the consolidated financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements. Areas of significant judgment and estimates affecting the amounts recognized in the consolidated financial statements include:

Impairment of non-financial assets

The Company's evaluation of the recoverable amount with respect to the non-financial assets is based on numerous assumptions and may differ significantly from actual values. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The Company's recoverable amount estimates are based on numerous assumptions. The recoverable amount estimates may differ from actual values and these differences may be significant and could have a material impact on the Company's financial position and result of operations. Assets are reviewed for an indication of impairment at each consolidated statement of financial position date and when there are indicators of impairment. This determination requires significant judgment. Factors which could trigger an impairment review are detailed in Note 3 h).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Judgments, estimates and assumptions (continued)

Uncertain tax positions

In 2013 and 2016, the Company received notices of assessment from the Tanzanian tax authorities, which have not yet been resolved. The Tanzanian tax authorities are claiming that the Company has not withheld sufficient taxes and other deductions on alleged interest payments and compensation matters. The Company has not recorded any provision related to these matters at December 31, 2018, as management believes that it has always paid taxes in accordance with local requirements. There is uncertainty as to the final outcome in resolving these matters. Given the uncertainty inherent in resolving the issues with the Tanzanian tax authorities, the amount of tax and other deductions that will actually be recorded as paid, as well as the timing of such payment, could differ materially from the accounting estimates, which would affect the Company's financial position and cash flows (Note 18).

The refundable tax credit related to resources and the refundable credit on mining duties (the "tax credits") for the current period and prior periods are measured at the amount the Company expects to recover from the tax authorities as at the closing date. However, uncertainties remain as to the interpretation of tax rules and the amount and timing of the recovery of such tax credits. To determine whether the expenses it incurs are eligible, the Company must exercise considerable judgment and interpretation, which makes the recovery of tax credits uncertain. Accordingly, there may be a significant difference between the recorded amount of tax credits receivable and the actual amount of tax credits received following the tax authorities' review of issues whose interpretation is uncertain. Should such a difference arise, an adjustment would have to be made to tax credits receivable and provisions may potentially need to be recognized for previous tax credits received by the Company. It may take considerable time for the tax administration to render its decisions on issues related to tax credits, and it can therefore take a long time to recover tax credits. Tax credits that the Company expects to recover within more than one year are classified as non-current assets. The amounts recognized in the financial statements are based on the Company's best estimates and according to its best judgment, as stated above. However, given the uncertainty inherent in obtaining the approval of the relevant tax authorities, the amount of tax credits that will actually be recovered or the amount to be repaid, as well as the timing of such recovery or repayment, could differ materially from the accounting estimates, which would affect the Company's financial position and cash flows (Note 8 and 18).

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.

December 31, 2018 and 2017 (in Canadian dollars)

5. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
	$	$
Cash	**286,366**	1,233,957
Cash equivalents	**2,005,012**	-
	2,291,378	1,233,957

Cash equivalents at December 31, 2018 are comprised of term deposits bearing a weighted-average interest rate of 2.3% and having various maturity dates until March 2019. Cash and cash equivalents at December 31, 2018 include an amount of nil of unspent flow-through funds ($219,800 at December 31, 2017).

December 31, 2018 and 2017 (in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

Evaluation and exploration assets by property are detailed as follows:

	James Bay	La Peltrie	Total
	$	$	$
Balance, December 31, 2016	399,945	-	399,945
Additions	-	30,000	30,000
Balance, December 31, 2017	399,945	30,000	429,945
Write-down	**-**	**(30,000)**	**(30,000)**
Balance, December 31, 2018	**399,945**	**-**	**399,945**

James Bay, Ontario

In June 2016, the Company completed the acquisition of the James Bay niobium property, located in northern Ontario, from Barrick Gold Inc., James Bay Columbium Ltd. and Goldcorp Inc. (the “Sellers”). In exchange for a 100% interest in the property, the Company issued to the Sellers a total of 1,000,000 common shares and paid a cash consideration of $25,000. The Sellers retain a 2% net smelter returns royalty (“Royalty”) over all metals produced from the property. The Company has the right to buy-back 1% of the Royalty for an amount of $2,000,000 (in constant 2016 dollars, subject to a cap of $3,000,000) at any time. Moreover, the Sellers have the right to re-acquire a 51% interest in the property (the “Back-in Right”), in case of the establishment on the property of one or more deposits containing no less than 2 million gold ounces and/or gold equivalent ounces of resources in aggregate, upon payment by the Sellers to the Company of 2.5 times the Company’s expenditures incurred on the property. The Back-In Right does not apply to the niobium content. The property rights are held through a Crown mining lease recorded in the name of the Company. The lease was last renewed for a term of 10 years which expired on February 28, 2018. In November 2017, the Company filed a renewal application and paid the required rental fees to renew the mining lease for an additional 10-year term. The Company expects to receive the renewed lease shortly.

6. EXPLORATION AND EVALUATION ASSETS (continued)

La Peltrie Project, Québec

On September 5, 2017, the Company entered into a six-year option agreement with Midland Exploration Inc. ("Midland") to acquire up to a 65% interest in the La Peltrie gold property ("La Peltrie Project") located in Québec, Canada. The La Peltrie Project consists of 520 claims totaling approximately 287 square kilometers. As part of the option agreement, the Company issued to Midland, on September 18, 2017, a total of 200,000 common shares valued at $30,000 and was required to pay $30,000, in cash or in common shares on or before August 31, 2018. On August 3, 2018, the Company and Midland agreed to defer the August 31, 2018 payment of $30,000 to on or before January 31, 2019. On January 15, 2019, the Company confirmed to Midland its decision to terminate the option agreement and has, as a result, written down the amount of $30,000 that had been capitalized up to December 31, 2018, in accordance with its accounting policy.

Joint venture agreement with SOQUEM, Quebec

In January 2008, the Company had entered into a joint venture agreement with SOQUEM, a subsidiary of Investissement Québec, for the exploration and development of certain mineral titles located north of Chibougamau, Québec including the Clairy, Lac Shortt, des Meloîzes and L'espérance properties. At December 31, 2018 the Company holds a 49% direct participation in these mineral titles.

Crevier, Quebec

The Company holds through its 72.5%-owned subsidiary CMI, the Crevier niobium and tantalum project, located in Quebec. The Company has a right to acquire at any time an additional interest of 15% in CMI by paying in cash or in shares, at the option of the Company, $750,000 to the non-controlling shareholder, following which the Company may be required by the non-controlling shareholder (at any time during the following 18 months) to purchase its remaining interest of 12.5% in CMI by paying a total amount of $2,250,000.

December 31, 2018 and 2017 (in Canadian dollars)

7. PROPERTY AND EQUIPMENT

Property and equipment subject to depreciation are presented below:

	Building	Exploration equipment	Furniture	Computer equipment	Total
	$	$	$	$	$
Cost					
Balance at December 31, 2016	-	56,193	22,162	49,244	127,599
Additions	-	-	-	2,105	2,105
Balance at December 31, 2017	-	56,193	22,162	51,349	129,704
Additions	**106,245**	**-**	**1,391**	**1,140**	**108,776**
Balance at December 31, 2018	**106,245**	**56,193**	**23,553**	**52,489**	**238,480**
Accumulated Depreciation					
Balance at December 31, 2016	-	38,329	19,976	44,439	102,744
Depreciation	-	4,029	511	2,146	6,686
Balance at December 31, 2017	-	42,358	20,487	46,585	109,430
Depreciation	**-**	**7,089**	**335**	**1,430**	**8,854**
Balance at December 31, 2018	**-**	**49,447**	**20,822**	**48,015**	**118,284**
Net book value					
December 31, 2016	-	17,864	2,186	4,805	24,855
December 31, 2017	-	13,835	1,675	4,764	20,274
December 31, 2018	**106,245**	**6,746**	**2,731**	**4,474**	**120,196**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At December 31, 2018, accounts payable and accrued liabilities included a provision of $144,000 related to the April 2015 notice of assessment issued by Revenu Québec (Note 18) and various payables and accruals of $187,343 ($253,604 at December 31, 2017).

9. SHARE CAPITAL AND WARRANTS

Issued and fully paid

At December 31, 2018 the Company had 45,690,111 issued and outstanding common shares (36,690,111 issued and outstanding common shares at December 31, 2017).

Issuance of shares

On March 28, 2018, Osisko Gold Royalties Ltd ("Osisko") purchased, by way of a private placement, 9,000,000 common shares of the Company at a price of $0.26 per share for proceeds of $2,340,000, following which Osisko owns approximately 19.7% of Niobay's issued and outstanding shares on a non-diluted basis. Pursuant to the subscription agreement entered into between Niobay and Osisko, so long as Osisko holds not less than 10% of the then issued and outstanding shares of Niobay, Osisko has the right to (i) nominate one director to Niobay's board of directors and (ii) participate in all future equity financings of Niobay to maintain its relative equity ownership. Osisko was also granted an option to purchase a 1.0% royalty on all products to be produced from the James Bay niobium project. The option will be exercisable by paying $2,000,000 to Niobay at any time within 90 days following the delivery by Niobay to Osisko of a bankable feasibility study on the project.

On December 22, 2017, the Company completed a non-brokered private placement by issuing 814,075 flow-through shares at a price of $0.27 per share, for total proceeds of $219,800 and 2,890,909 common shares at a price of $0.22 for total proceeds of $636,000. The carrying value of the flow-through shares is presented net of the liability related to the premium on flow-through shares of $40,703 which was recorded at the date of issuance of the flow-through shares. Given that no exploration expenditures were incurred between the date of the private placement and December 31, 2017, the liability related to flow-through shares at December 31, 2017 remained at $40,703.

On September 18, 2017, the Company issued 200,000 common shares to Midland pursuant to the option agreement to acquire an interest in the La Peltrie Project (Note 6). These shares were valued at an amount of $30,000, using the 5-day weighted average price of the Niobay shares immediately before the date of the option agreement.

On January 13, 2017, a total of 100,000 warrants were exercised for proceeds of $30,000.

On December 19, 2016, the Company completed a private placement by issuing a total of 1,377,626 flow-through shares at a price of $0.85 per share, for total proceeds of $1,170,982. The carrying value of the flow-through shares was presented net of the liability related to the premium on flow-through shares of $137,763 which was recorded at the date of issuance of the flow-through shares.

December 31, 2018 and 2017 (in Canadian dollars)

9. SHARE CAPITAL AND WARRANTS (continued)

Reduction in liability from flow-through shares

During the year ended December 31, 2018, an amount of $40,703 was recorded as income related to flow-through shares on the consolidated statements of comprehensive loss ($137,763 during the year ended December 31, 2017), representing the decrease in the liability related to the exploration and evaluation expenses incurred during the year. At December 31, 2018, the Company had nil of unspent flow-through funds ($219,800 at December 31, 2017).

Share purchase warrants

The following table sets out the activity in share purchase warrants:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Number of Warrants	**Price per share ($)**	Number of warrants	Price per share ($)
Beginning of year	**295,294**	**0.45**	395,294	0.41
Exercised	**-**	**-**	(100,000)	(0.30)
Expired	**(45,294)**	**(1.25)**	-	-
End of year	**250,000**	**0.30**	295,294	0.45

At December 31, 2018, the issued and outstanding share purchase warrants consist of 250,000 warrants at an exercise price of $0.30 per warrant expiring on July 5, 2019.

December 31, 2018 and 2017 (in Canadian dollars)

10. STOCK OPTIONS

On June 1, 2017, the shareholders of the Company approved a new "rolling 10%" stock option plan (the "New Plan"). The New Plan replaces the Company's "fixed number" stock option plan. Pursuant to the New Plan, the board of directors may grant stock options to directors, officers, employees, and consultants of the Company up to a maximum of 10% of the total the number of issued and outstanding shares of the Company from time to time, less any shares reserved for issuance under the “fixed number” option plan.

The following table sets out the activity in stock options:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Number	**Weighted average exercise price ($)**	Number	Weighted average exercise price ($)
Options, beginning of year	**962,800**	**0.39**	1,102,800	0.38
Granted	**1,950,000**	**0.25**	-	-
Expired	**(64,000)**	**(0.69)**	(140,000)	(0.30)
Options, end of year	**2,848,800**	**0.29**	962,800	0.39
Exercisable options, end of year	**1,548,800**	**0.32**	887,867	0.38

On November 16, 2018, the Company granted a total of 150,000 stock options to a consultant. The stock options granted will vest over 2 years. The options have a five-year term and are exercisable at a price of $0.25 per share. At the date of grant, the market price of the share was $0.25. The fair value of the stock options was estimated at $0.18 per option based on the Black-Scholes option pricing model using a risk-free interest rate of 2.3%, an expected life of 5 years, an annualized volatility of 107% and a dividend rate of 0%.

On April 30, 2018, the Company granted a total of 150,000 stock options to a director. The stock options granted will vest over 2 years. The options have a five-year term and are exercisable at a price of $0.25 per share. At the date of grant, the market price of the share was $0.25. The fair value of the stock options was estimated at $0.21 per option based on the Black-Scholes option pricing model using a risk-free interest rate of 2.2%, an expected life of 5 years, an annualized volatility of 120% and a dividend rate of 0%.

On April 26, 2018, the Company granted a total of 1,650,000 stock options to its directors, officers and consultants. The stock options granted will vest over 2 years. The options have a five-year term and are exercisable at a price of $0.25 per share. At the date of grant, the market price of the share was $0.24. The fair value of the stock options was estimated at $0.18 per option based on the Black-Scholes option pricing model using a risk-free interest rate of 2.2%, an expected life of 5 years, an annualized volatility of 115% and a dividend rate of 0%.

December 31, 2018 and 2017 (in Canadian dollars)

10. STOCK OPTIONS (continued)

The underlying expected volatility of all option grants was determined by reference to historical data of the Company's share price over the expected stock option life. No special features inherent to the stock options granted were incorporated into the measurement of fair value.

The following table reflects the stock options issued and outstanding at December 31, 2018:

Issue date	Number of options	Exercise price	Remaining contractual life	Number of exercisable options	Exercise price of exercisable options
		Can $	(years)		$
March 12, 2010	8,000	2.50	1.2	8,000	2.50
January 21, 2011	8,000	2.38	2.1	8,000	2.38
March 23, 2012	8,000	1.00	3.2	8,000	1.00
May 13, 2014	230,000	0.30	0.4	230,000	0.30
June 12, 2014	110,000	0.28	0.5	110,000	0.28
June 5, 2015	170,000	0.25	1.4	170,000	0.25
March 22, 2016	30,000	0.28	2.2	30,000	0.28
June 14, 2016	290,000	0.35	2.5	290,000	0.35
September 6, 2016	44,800	0.63	2.7	44,800	0.63
April 26, 2018	1,650,000	0.25	4.3	550,000	0.25
April 30, 2018	150,000	0.25	4.3	50,000	0.25
November 16, 2018	150,000	0.25	4.9	50,000	0.25
	2,848,800	0.29	3.5	1,548,800	0.32

December 31, 2018 and 2017 (in Canadian dollars)

11. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses:

	Years ended December 31,	
	2018	2017
	$	$
Wages and consulting	**251,833**	473,523
Drilling and assaying	**2,745**	224,992
Transportation	**25,032**	175,788
Studies	**157,507**	266,227
Claims payments	**43,490**	29,925
Administrative and others	**29,216**	99,861
	509,823	1,270,316

12. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Years ended December 31,	
	2018	2017
	$	$
Wages and consulting	**367,370**	340,224
Legal, audit and tax	**67,316**	68,440
Office	**62,202**	65,501
Investor relations and travel	**98,922**	26,841
Reporting issuer costs	**34,853**	32,700
	630,663	533,706

December 31, 2018 and 2017 (in Canadian dollars)

13. INCOME TAXES

The reconciliation of the effective tax rate is as follows:

	Years ended December 31,	
	2018	2017
	$	$
		(Note 3 – adjusted)
Loss before income tax	**(1,343,750)**	(1,687,326)
Tax using the Company's domestic tax rate (26.8% in 2018 and 26.8% in 2017)	**(358,781)**	(452,203)
Share-based compensation	**63,316**	-
Impact of flow-through shares	**47,819**	272,783
Non-deductible expenses and others	**(6,084)**	(44,170)
Impact of change of tax rate	**2,281**	5,367
Tax attributes for which no deferred tax assets are recognized	**245,947**	218,223
Mining taxes	**(9,052)**	(8,259)
Recovery of corporate and mining taxes	**(14,554)**	(8,259)

The Company had no deferred tax assets and liabilities at December 31, 2018 and 2017.

Unrecognized deductible temporary differences, related to Canadian entities, for which no deferred tax assets have been recognized are as follows:

	December 31, 2018	December 31, 2017
	$	$
Non-capital losses carry-forwards	**5,280,000**	5,042,000
Capital losses carry-forwards	**222,000**	222,000
Exploration and evaluation assets	**3,210,000**	3,193,000
Property and equipment	**24,000**	16,000
Share issue cost	**44,000**	60,000
Other	**15,000**	15,000
	8,795,000	8,548,000

Deferred tax assets have not been recognised in respect of these items because of the uncertainties that future taxable profit will be available against which the Company can utilise these benefits.

December 31, 2018 and 2017 (in Canadian dollars)

13. INCOME TAXES (continued)

Non-capital losses, related to Canadian entities, expire as follows:

	$
2027	**8,641,547**
2028	**287,863**
2029	**2,910**
2030	**3,770,250**
2031	**330,322**
2032	**2,239,049**
2033	**1,423,290**
2034	**884,291**
2035	**94,657**
2036	**725,407**
2037	**670,361**
2038	**896,950**
	19,966,897

14. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2018 was based on the net loss attributable to common shareholders of $1,307,303 ($1,678,149 in 2017) and the weighted average number of common shares outstanding of 43,544,906 (32,940,058 in 2017).

Excluded from the calculation of the diluted loss per share for the year ended December 31, 2018 are 250,000 share purchase warrants and 2,848,800 stock options because to include them would be anti-dilutive as they would have the effect of decreasing the loss per share.

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Fair value

Cash and cash equivalents and trade accounts payable and accrued liabilities are financial instruments whose fair value approximates their carrying value due to their short-term maturity and due to market interest rates.

Foreign exchange risk

At December 31, 2018 and December 31, 2017, the balance of financial assets and liabilities denominated in US dollars is not significant. A variation of the US dollar in relation with the Canadian dollar would have a negligible effect on the loss for the years ended December 31, 2018 and 2017.

Credit risk

The credit risk is the risk that the Company is not paid by a third party who does not respect its agreement obligations. It is mainly reflected in cash and cash equivalents. The carrying value of the Company's financial assets represents the maximum credit risk exposure. The Company invests its cash and cash equivalents in high quality titles issued by Canadian financial institutions.

Liquidity risk

The liquidity risk is the risk the Company may encounter when payment of its obligations become due. The Company manages its liquidity risk by using budgets allowing it to determine the necessary funds required to meet its exploration plans and administrative expenses. Moreover, the Company ensures that the working capital is sufficient to meet its current obligations.

At December 31, 2018, the Company had $2,291,378 in cash and cash equivalents to meet its current liabilities of $331,343. Management considers that these funds are sufficient to cover its general administrative expenses for 2019 but management will need to raise additional funds to complete its planned exploration and evaluation work program for 2019 (Note 2).

Any future funding requirement may be met in a number of ways, including the issuance of new equity instruments or other measures. While management has been successful in securing financing in the past, there can be no insurance it will be able to do so in the future, that such sources of funding or initiatives will be available to the Company or that they will be available on terms acceptable to the Company. If management is unable to obtain new funding, the Company may be required to defer some of its planned exploration and evaluation work.

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company holds all of its cash and cash equivalents in interest-bearing accounts and short-term deposits which are therefore exposed to future cash flow fluctuations coming from changes in market interest rates. A fluctuation of 100 basis points on market interest rate would not have an impact of $22,900 on the financial results of the Company for the year ended December 31, 2018.

16. CAPITAL MANAGEMENT

In terms of capital management, the objective of the Company is to preserve its ability to continue its mining exploration while maintaining the current exploration programs and development of mining assets, to provide sufficient working capital to meet its current commitments and to pursue potential investments. The capital of the Company consists of equity attributable to shareholders of the Company of $2,627,823 at December 31, 2018 (an adjusted amount of $1,376,914 at December 31, 2017 – Note 3).

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. Changes in capital are presented in the consolidated statements of shareholders' equity.

December 31, 2018 and 2017 (in Canadian dollars)

17. RELATED PARTIES

During the year ended December 31, 2018, the Company incurred administration expenses of $30,000 ($33,000 in 2017), mainly for the use of office space and telecommunication services provided by Reunion Gold Corporation (a TSXV-listed company), a related party by virtue of common management. A company controlled by the CEO of the Company invoiced nil for the services of a market analyst ($26,400 in 2017).

Remuneration of directors and key management of the Company

The remuneration awarded to directors and to key management personnel, including the President and CEO and the CFO, is as follows:

	Years ended December 31,	
	2018	2017
	$	$
Salaries, professional fees and other short-term benefits	**281,750**	257,001
Share-based compensation	**181,033**	9,795
	462,783	266,796

Termination and Change of Control Provisions

The employment agreement between the Company's president and CEO and the Company contain termination without cause and change of control provisions. Assuming that the Company's president and CEO had been terminated without cause on December 31, 2018, the total amount payable to the Company's president and CEO would have totaled $159,700 and following a change in control, the amount payable would have totaled $400,000.

18. CONTINGENCIES

Tanzania Revenue Authority ("TRA")

MDN Tanzania Limited ("MDN Tanzania") received notices of assessment in April and June 2016 in respect of withholding taxes and other statutory deductions for the period from 2007 to 2011, claiming an amount of approximately $300,000 plus accrued interest of approximately $600,000. In 2013, the Company had received notices of assessment totalling approximately $470,000 in respect of withholding taxes on alleged interest payments by MDN Tanzania to the Company for the period from 2004 to 2011. No provision has been recorded in these consolidated financial statements on these matters as management believes that it has always paid its withholding taxes and other statutory deductions in accordance with local requirements and that the amounts claimed are unfounded. MDN Tanzania continues to vigorously defend its position with the Tanzanian tax authorities.

18. CONTINGENCIES (continued)

Revenu Québec

Following an audit of the tax credits relating to resources claimed by and paid to CMI for the years 2010, 2011 and 2012, Revenu Québec issued in April 2015 a notice of assessment for an amount of $370,517, stipulating that certain expenses were not eligible for such tax credits relating to resources. Despite its disagreement with the notice of assessment, the Company recorded a specific provision of $144,000 presented as accounts payable and accrued liabilities at December 31, 2018 and 2017. CMI will continue to defend its position with the tax authorities.

19. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition, exploration and evaluation of mineral properties. At December 31, 2018 and 2017, all assets are located in Canada.

20. EVENTS AFTER THE REPORTING DATE

Grant of stock options

On February 1, 2019, the Company granted a total of 150,000 stock options to a consultant. The stock options granted will vest over 2 years. The options have a five-year term and are exercisable at a price of $0.25 per share.

Exploration permit for the James Bay project

On January 29, 2019, the Ministry of Energy, Northern Development and Mines ("MENDM") of Ontario issued an exploration permit to the Company for an exploration program at its James Bay niobium property. On March 1, 2019, the Moose Cree First Nations ("MCFN") and a member of the MCFN brought an application for judicial review seeking to, among other things, set aside the MENDM issued exploration permit and requiring the Crown to consult further and fully with MCFN before issuing any other permit. On March 20, 2019, nine councillors resigned as members of the council of the MCFN. This group resignation has triggered the dissolution of the MCFN Chief and Council and has prompted the calling of a new general election, which has since been set for July 2, 2019. The Company has retained external legal counsel to review its options.