



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**For the three and nine months ended
September 30, 2017**

In Canadian Dollars

Unaudited

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Niobay Metals Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

Niobay Metals Inc.

Consolidated Statements of Financial Position

<i>(unaudited, in Canadian dollars)</i>	September 30, 2017	December 31, 2016
	\$	\$
ASSETS		
Current		
Cash	1,346,657	2,281,637
Sales taxes receivable	49,823	51,717
Tax credits related to resources and mining taxes receivable	139,608	139,608
Prepaid expenses and deposits	28,845	16,225
	1,564,933	2,489,187
Non-current		
Property and equipment	20,480	24,855
Exploration and evaluation assets (Note 4)	1,114,283	614,777
TOTAL ASSETS	2,699,696	3,128,819
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	427,152	482,838
Liability related to flow-through shares (Note 6)	84,852	137,763
TOTAL LIABILITIES	512,004	620,601
EQUITY		
Share capital (Note 6)	67,887,585	67,805,705
Contributed surplus	6,808,874	6,813,357
Deficit	(72,618,332)	(72,220,901)
Equity attributable to shareholders of the Company	2,078,127	2,398,161
Non-controlling interests	109,565	110,057
TOTAL EQUITY	2,187,692	2,508,218
TOTAL LIABILITIES AND EQUITY	2,699,696	3,128,819

Going concern (Note 2) and Contingencies (Note 10).

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

/s/ Claude Dufresne
Claude Dufresne, Director

/s/ Raymond Legault
Raymond Legault, Director

Niobay Metals Inc.

Consolidated Statements of Comprehensive Loss

<i>(unaudited, in Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Expenses and other items				
Management and administration (Note 8)	113,995	204,191	464,613	524,923
Write-down of exploration and evaluation assets	-	-	-	6,590,456
Other exploration	-	25,700	-	52,700
Income related to flow-through shares (Note 6)	(23,925)	-	(52,911)	-
Finance income	(976)	(379)	(2,382)	(890)
Loss (gain) on foreign exchange	10,221	714	(3,138)	(942)
Loss before income taxes	(99,315)	(230,226)	(406,182)	(7,166,247)
Recovery of mining duties	-	-	(8,259)	-
Deferred income tax recovery	-	-	-	(195,188)
Net loss for the period	(99,315)	(230,226)	(397,923)	(6,971,059)
Other comprehensive loss				
Foreign currency translation differences for foreign operations	-	1,310	-	(1,087,198)
Comprehensive loss for the period	(99,315)	(228,916)	(397,923)	(8,058,257)
Net loss attributable to:				
Shareholders of the Company	(99,012)	(229,622)	(397,431)	(6,059,676)
Non-controlling interests	(303)	(604)	(492)	(911,383)
Comprehensive loss attributable to:				
Shareholders of the Company	(99,012)	(228,312)	(397,431)	(7,146,874)
Non-controlling interests	(303)	(604)	(492)	(911,383)
Basic and diluted loss per common share	(0.00)	(0.01)	(0.01)	(0.28)
Weighted average number of common shares - basic and diluted	32,811,214	28,396,283	32,789,156	24,873,554

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

Niobay Metals Inc.

Consolidated Statements of Shareholders' Equity

	Number of issued and outstanding common shares	Equity						Total shareholders' equity
		Share capital	Contributed surplus	Deficit	Cumulative translation adjustment	attributable to shareholders of the Company	Non- controlling interests	
<i>(unaudited, in Canadian dollars)</i>		\$	\$	\$	\$	\$	\$	\$
Balance at December 31, 2016	32,685,127	67,805,705	6,813,357	(72,220,901)	-	2,398,161	110,057	2,508,218
Shares issued related to the La Peltrie option agreement (Note 6)	200,000	30,000	-	-	-	30,000	-	30,000
Shares issued on exercise of warrants (Note 6)	100,000	51,880	(21,880)	-	-	30,000	-	30,000
Share-based compensation	-	-	17,397	-	-	17,397	-	17,397
Net loss for the period	-	-	-	(397,431)	-	(397,431)	(492)	(397,923)
Balance at September 30, 2017	32,985,127	67,887,585	6,808,874	(72,618,332)	-	2,078,127	109,565	2,187,692
Balance at December 31, 2015	22,931,501	64,530,913	6,653,091	(67,188,424)	2,786,446	6,782,026	1,132,822	7,914,848
Shares issued pursuant to a private placement	7,180,000	1,795,000	-	-	-	1,795,000	-	1,795,000
Share issue expenses	-	-	109,418	(265,424)	-	(156,006)	-	(156,006)
Shares issued on acquisition of the James Bay project	1,000,000	350,000	-	-	-	350,000	-	350,000
Shares issued on exercise of stock options	30,000	10,845	(3,345)	-	-	7,500	-	7,500
Share-based compensation	-	-	66,516	-	-	66,516	-	66,516
Net loss for the period	-	-	-	(6,059,676)	-	(6,059,676)	(911,383)	(6,971,059)
Foreign currency translation differences of foreign operations	-	-	-	-	(1,087,198)	(1,087,198)	-	(1,087,198)
Balance at September 30, 2016	31,141,501	66,686,758	6,825,680	(73,513,524)	1,699,248	1,698,162	221,439	1,919,601

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

Niobay Metals Inc.

Consolidated Statements of Cash Flows

<i>(unaudited, in Canadian dollars)</i>	Nine months ended September 30,	
	2017	2016
	\$	\$
Operating activities		
Net loss for the period	(397,923)	(6,971,059)
Adjustments		
Share-based compensation	9,476	59,007
Amortization of property and equipment	5,769	7,785
Write-down of exploration and evaluation assets	-	6,590,456
Deferred income tax recovery	-	(195,188)
Income related to flow-through shares	(52,911)	-
Finance income accrued	(2,382)	(890)
Finance income received	2,382	1,257
Gain on foreign exchange	(3,138)	(942)
Changes in working capital items	(222,094)	159,636
	(660,821)	(349,938)
Investing activities		
Disposal of investments	-	250,000
Additions to property and equipment	(2,105)	(2,100)
Additions to exploration and evaluation assets	(304,193)	(149,947)
	(306,298)	97,953
Financing activities		
Issuance of shares	-	1,802,500
Share issue expenses	-	(156,006)
Exercise of warrants	30,000	-
	30,000	1,646,494
Effect of exchange rate changes on cash held in foreign currency	2,139	748
Net change in cash	(934,980)	1,395,257
Cash, beginning of period	2,281,637	69,343
Cash, end of period	1,346,657	1,464,600
Supplemental cash flow information		
Share-based compensation capitalized to exploration and evaluation assets	7,921	7,509
Amortization of property and equipment capitalized to exploration and evaluation assets	711	-
Change in accounts payable and accrued liabilities related to exploration and evaluation assets	156,681	18,544
Fair value of warrants exercised	21,880	-
Value of shares issued related to the La Peltrie option agreement	30,000	-
Value of shares issued on acquisition of the James Bay project	-	350,000

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

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2017 *(unaudited - in Canadian dollars)*

1. GENERAL INFORMATION

Niobay Metals Inc. (“Niobay” or the “Company”) is primarily engaged in the acquisition and exploration of mineral properties. The Company holds a 100% interest in the James Bay niobium property, located in northern Ontario, Canada and has entered into an option agreement to acquire up to a 65% interest in the La Peltrie gold project in northern Québec (Note 4). The Company also holds a 46.9% direct participation in certain mineral titles located north of Chibougamau, Québec, under a joint venture agreement dated January 18, 2008 with SOQUEM, a subsidiary of Investissement Québec. The Company holds through its 72.5%-owned subsidiary Crevier Minerals Inc. (“CMI”), the Crevier niobium and tantalum project, located in Quebec.

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

The Board of Directors approved and authorized for issuance these unaudited condensed interim consolidated financial statements on November 16, 2017.

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2017 (unaudited - in Canadian dollars)

2. GOING CONCERN

These unaudited condensed interim 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 September 30, 2017, the Company had a working capital of \$1,052,929, had an accumulated deficit of \$72,618,332 and incurred a loss of \$397,923 for the nine-months ended September 30, 2017. Working capital at September 30, 2017 included cash of \$1,346,657.

The Company estimates that the working capital available at September 30, 2017 will not be sufficient to cover its general administrative expenses and its planned exploration and evaluation budget for the next 12 months. Since the Company does not generate cash flows, it will need to raise funds through the issuance of debt or equity instruments or a combination of strategic partnerships or joint venture arrangements. 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 unaudited condensed interim 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 unaudited condensed interim 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.

3. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies as the Company’s most recent annual consolidated financial statements. They do not contain all of the information and disclosures required for annual financial statements, and should be read in conjunction with the Company’s audited consolidated financial statements for the years ended December 31, 2016 and 2015 which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2017 (unaudited - in Canadian dollars)

4. EVALUATION AND EXPLORATION ASSETS

Evaluation and exploration assets by properties are detailed as follows:

	January 1, 2017	Additions	September 30, 2017
	\$	\$	\$
Mineral properties			
James Bay (Nb) - Ontario, Canada	399,945	-	399,945
La Peltrie (Au) - Québec, Canada	-	30,000	30,000
	399,945	30,000	429,945
Exploration and evaluation expenditures			
James Bay (Nb) - Ontario, Canada	214,832	379,006	593,838
La Peltrie (Au) - Québec, Canada	-	28,000	28,000
Joint venture with SOQUEM, Québec, Canada (1)	-	62,500	62,500
	214,832	469,506	684,338
	614,777	499,506	1,114,283

(1) Includes the Clairly, Lac Shortt / Lesperance and other properties.

	January 1, 2016	Additions	Write-down	Effect of foreign exchange	September 30, 2016
	\$	\$	\$	\$	\$
Mineral properties					
James Bay (Nb) – Ontario, Canada	-	399,945	-	-	399,945
	-	399,945	-	-	399,945
Exploration and evaluation expenditures					
James Bay (Nb) - Ontario, Canada	-	84,986	-	-	84,986
Crevier (Nb) – Québec, Canada	3,486,133	5,210	(3,491,343)	-	-
Ikungu and Ikungu East (Au) - Tanzania	4,152,001	28,350	(3,099,113)	(1,081,238)	-
	7,638,134	118,546	(6,590,456)	(1,081,238)	84,986
	7,638,134	518,491	(6,590,456)	(1,081,238)	484,931

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2017 (unaudited - in Canadian dollars)

4. EVALUATION AND EXPLORATION ASSETS (continued)

La Peltrie Project

On September 5, 2017, the Company entered into an 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. The option will be valid for a period of six years. To earn a 50% interest in the La Peltrie Project, the Company has issued to Midland on September 18, 2017, a total of 200,000 common shares valued at \$30,000, and will have to pay, in cash or in common shares, \$50,000, \$70,000 and \$70,000 on or before respectively August 31, 2019, 2020 and 2021. The Company will also have to spend \$3,000,000 in exploration expenditures by August 31, 2021 including a firm commitment of \$500,000 to be invested by December 31, 2017. Following the initial earn-in of a 50% interest, Niobay will be entitled to earn an additional 15% interest in the project by completing a preliminary economic assessment by August 1, 2023.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2017, accounts payable and accrued liabilities included a provision of \$144,000 related to the April 2015 notice of assessment issued by Revenu Québec (Note 10), and various payables and accruals (\$283,152).

6. SHARE CAPITAL AND WARRANTS

Issued and fully paid

At September 30, 2017, the Company had 32,985,127 issued and outstanding common shares (32,685,127 at December 31, 2016).

Issuance of shares

During the nine months ended September 30, 2017, a total of 100,000 compensation warrants were exercised for proceeds of \$30,000. The Company also issued 200,000 common shares pursuant to the option agreement to acquire an interest in the La Peltrie Project (Note 4). 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.

Reduction in liability from flow-through shares

During the three and nine months ended September 30, 2017, an amount of \$23,925 and \$52,911, respectively was recorded as income related to flow-through shares on the consolidated statements of comprehensive loss (nil during the three and nine months ended September 30, 2016), representing the decrease in the liability related to the exploration and evaluation expenses incurred during the period. At September 30, 2017, the Company had \$721,240 of unspent flow-through funds (\$1,170,982 at December 31, 2016).

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2017 (unaudited - in Canadian dollars)

6. SHARE CAPITAL AND WARRANTS (continued)

Share purchase warrants

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

Grant date	Number of warrants December 31, 2016	Granted	Exercised	Number of warrants September 30, 2017	Price per share \$	Expiry date
August 4, 2016	350,000	-	(100,000)	250,000	0.30	July 5, 2019
December 19, 2016	45,294	-	-	45,294	1.25	Dec 19, 2018
	395,294	-	(100,000)	295,294	0.45	
Average price	0.41	-	(0.30)	0.45		

7. STOCK OPTIONS

During the three and nine months ended September 30, 2017, 140,000 stock options having an average exercise price of \$0.30, expired. The following table reflects the stock options issued and outstanding at September 30, 2017:

Range of exercise prices	Number of outstanding options	Average price \$	Remaining contractual life (years)
\$0.05 - \$0.99	914,800	0.32	2.8
\$1.00 - \$1.99	32,000	1.19	2.0
\$2.00 - \$2.50	16,000	2.44	2.9
	962,800	0.39	2.7

At September 30, 2017, a total of 887,867 stock options were exercisable at a price of \$0.38 per share.

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2017 (unaudited - in Canadian dollars)

8. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Wages and consulting	73,591	111,245	271,377	272,822
Legal, audit and tax	6,338	24,386	36,573	64,632
Office	18,629	27,192	54,065	66,563
Investor relations and travel	4,798	53,914	55,284	87,491
Reporting issuer costs	4,770	9,501	30,405	55,096
Recovery of expenses	-	-	-	(96,878)
Mining titles management	1,094	1,909	1,664	8,405
	109,220	228,147	449,368	458,131
Share-based compensation	1,471	(26,534)	9,476	59,007
Amortization of property and equipment	3,304	2,578	5,769	7,785
	113,995	204,191	464,613	524,923

9. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties. At September 30, 2017 and December 31, 2016, all non-current assets are located in Canada.

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2017 *(unaudited - in Canadian dollars)*

10. CONTINGENCIES

Tanzania Revenue Authority (“TRA”)

MDN Tanzania Ltd., the Company’s wholly-owned subsidiary in Tanzania (“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 unaudited condensed interim consolidated financial statements on these matters as management believes that it has paid all of 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.

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 September 30, 2017 and December 31, 2016.