

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

The following interim management's discussion and analysis – quarterly highlights ("**Interim MD&A**") of Niobay Metals Inc. ("**NioBay**" or the "**Company**") for the three months ended September 30, 2018 provides material information about the Company's business activities during the interim period and updates disclosure previously provided in the Company's management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2017 ("**Annual MD&A**").

This Interim MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2018 (the "**Interim Financial Statements**"), the Company's audited consolidated financial statements for the years ended December 31, 2017 and 2016, and the Company's Annual MD&A, including the section describing risks and uncertainties.

The effective date of this Interim MD&A is November 13, 2018.

All financial results presented in this Interim MD&A are expressed in Canadian dollars unless otherwise indicated.

NATURE OF OPERATIONS

NioBay is a mineral resource company. The business of the Company consists of acquiring, exploring and evaluating mining properties. NioBay has not yet determined whether its properties contain economically viable mineral deposits.

The Company's principal asset is a 100% interest in the James Bay mining lease, a niobium project located in northeastern Ontario (the "**James Bay Niobium Project**"). NioBay also holds (1) a 72.5% interest in the Crevier niobium and tantalum project located in Quebec, (2) an option to acquire an interest of up to 65% in the La Peltrie gold project in northern Quebec, and (3) a 48.7% direct participation in certain mineral titles located close to Chibougamau, Quebec, under a joint venture agreement with SOQUEM, a subsidiary of Investissement Québec.

The Company's common shares are listed on the TSX Venture Exchange under the symbol NBY. At September 30, 2018, the Company has a cash position of \$2.7 million and 45,6970,111 issued and outstanding common shares.

JAMES BAY NIOBIUM PROJECT

In October 2016, the Company filed with the Ministry of Northern Development and Mines of Ontario ("MNDM") an application for an exploration permit on the James Bay Niobium Project. As of the date of this Interim MD&A, this application remains on temporary hold. The Company continues to reach out to all concerned stakeholders in the area of the James Bay Niobium Project while the MNDM is pursuing efforts to consult with the Moose Cree First Nation ("MCFN") to address any concerns they may have about the proposed drilling campaign. The Company has not yet been able to hold formal discussions with the leadership of MCFN on the exploration program and the project in general.

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. It is expected that the information center will be fully operational by the end of November 2018.

OTHER PROJECTS

During the reporting period, no work was conducted by Midland Exploration Inc. ("**Midland**"), as operator of the exploration activities at the La Peltrie gold property, and no work was conducted on the mineral titles located near Chibougamau, Québec, held by the Company through a joint venture agreement with Soquem.

In August 2018, the Company initiated desktop evaluation work on the Crevier project considering current market conditions of niobium and tantalum, which have seen significant price increases over the last twelve months.

The Company also continues to evaluate other niobium properties of merit.

OUTLOOK

The Company's focus remains the development of the James Bay Niobium Project. The Company continues to hold discussions with the local community and the MNDM and will maintain its efforts to engage with the leadership of the MCFN.

FINANCIAL REVIEW

In accordance with its accounting policy, an amount of \$236,343 in exploration and evaluation expenses was capitalized during the nine months ended September 30, 2018 (\$499,506 in 2017), including \$191,311 on the James Bay Niobium Project (\$379,006 in 2017). The amounts spent by project are presented below:

Nine months ended September 30, 2018	James		La	Soquem	Total
	Bay	Crevier	Peltrie	JV	
	\$	\$	\$	\$	
Property payments	-	-	15,739	-	15,739
Labor	80,280	3,200	16,632	551	100,663
Studies	61,651	-	-	-	61,651
Transportation	21,802	-	-	-	21,802
Depreciation	549	-	-	-	549
Share-based compensation	17,323	-	-	-	17,323
Administrative and others	9,706	4,174	4,736	-	18,616
	191,311	7,374	37,107	551	236,343

Nine months ended September 30, 2017	James		La	Soquem	Total
	Bay	Peltrie	JV		
	\$	\$	\$	\$	
Property payments	-	30,000	-	-	30,000
Labor	119,985	28,000	62,500	-	210,485
Studies	209,498	-	-	-	209,498
Transportation	21,265	-	-	-	21,265
Depreciation	711	-	-	-	711
Share-based compensation	7,921	-	-	-	7,921
Administrative and others	19,626	-	-	-	19,626
	379,006	58,000	62,500	-	499,506

The Company incurred a net loss of \$206,693 (nil per share) during the three months ended September 30, 2018 compared to a net loss of \$99,315 (nil per share) during the comparative period in 2017. The loss during the current period included \$173,642 in management and administration expenses, \$53,663 in expenses related to the assessment of various mineral properties located in Quebec and Ontario, Canada, offset by a non-cash income related to flow-through shares of \$6,459 and finance income of \$11,613 on liquidities held. The comparative period consisted mainly in management and administration expenses of \$113,995, partially offset by a non-cash income related to flow-through shares of \$23,925, and an unrealized loss on foreign exchange of \$10,221.

Management and administration expenses for the three months ended September 30, 2018 include higher wages and fees of \$20,401 resulting from the hiring of temporary personnel and the payment of director fees of \$7,500 (nil during the comparative period) and share-based compensation of \$37,965 resulting from the grant in April 2018 of 1,800,000 stock options to the Company's directors, officers and consultants (share-based compensation of \$1,471 in 2017).

LIQUIDITY AND FINANCIAL POSITION

At September 30, 2018, the Company's working capital totaled \$2,582,735 compared to \$1,035,834 at December 31, 2017. The Company's cash position at September 30, 2018 includes unspent flow-through funds of \$43,687, which the Company is committed to spending by December 31, 2018 on eligible flow-through expenditures. The increase in the working capital during the nine months ended September 30, 2018 is mainly attributable to the net proceeds from financing of \$2,321,075 described in the financing section, partially offset by the additions to exploration and evaluation assets of \$218,471, additions to property and equipment of \$82,407 and management and administration expenses of \$460,443 (excluding the share-based compensation and amortization of property and equipment expenses).

Management of the Company believes it has sufficient funds for the ensuing twelve months to pay for its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments as they fall due. The Company's ability to continue future operations beyond September 30, 2019 and fund its exploration and evaluation expenditures is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments or a combination of strategic partnerships or joint venture arrangements. Management will pursue such additional sources of financing when required, and 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 for the Company or that they will be available on terms that are acceptable to the Company.

Operating activities

For the nine months ended September 30, 2018, cash outflows related to operating activities amounted to \$473,844 compared to \$660,821 in 2017. Cash flows related to operating activities during the 2018 period included changes in working capital items of \$25,501 (outflows of \$222,094 during the 2017 period).

Financing activities

For the nine months ended September 30, 2018, cash inflows related to financing activities totaled \$2,321,075. In March 2018, the Company completed a non-brokered private placement with Osisko Gold Royalties Ltd. through the issuance of 9,000,000 common shares at a price of \$0.26 per share for proceeds of \$2,340,000. Share issue expenses of \$18,925 included mostly regulatory and legal expenses.

Investing activities

For the nine months ended September 30, 2018, the Company invested a total of \$218,471 on its exploration and evaluation assets, including \$191,311 at the James Bay Niobium Project. During the comparative period in 2017, the Company had invested a total of \$379,006 at the James Bay Niobium Project.

For the nine months ended September 30, 2018, the Company invested \$82,407 in property and equipment, consisting mainly of costs to set-up an information center in Moosonee, Ontario.

RELATED PARTY TRANSACTIONS

The remuneration awarded to key management personnel, including directors, the president and CEO and the CFO, during the three and nine months ended September 30, 2018 totaled \$117,465 and \$361,646, respectively (\$66,297 and \$203,498, respectively during the comparative periods in 2017). A company controlled by the CEO of the Company invoiced nil during the three and nine months ended September 30, 2018 for the services of a market analyst (nil and \$26,400, respectively during the comparative periods in 2017).

CAUTIONARY STATEMENT

This Interim MD&A contains certain forward-looking statements as defined in applicable Canadian securities laws (referred to herein as "**forward-looking statements**"). Specifically, this Interim MD&A includes forward-looking statements regarding the extent, results and timing of exploration programs and various studies, the timing and receipt of necessary permits, assessments, studies, future financial results, and future financings. There is no certainty that the required permits for the exploration and development of the James Bay Niobium Project will be issued or that Niobay will have the required funds to conduct the required drilling program and studies. 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, variations in the quality and quantity of minerals that may be located, the Company's inability to obtain any necessary permits, consents or authorizations required for its planned activities, the Company's inability to raise the necessary capital to fully implement its programs and objectives, the Company's inability to spend all of the flow-through funds raised in December 2017 in eligible flow-through expenditures by December 31, 2018, changes and volatility of metal prices and equity markets, uncertainties involved in interpreting geological data and estimating mineral resources, changes or delays in exploration plans, the results of exploration programs, the timing and results of consultations with aboriginal groups, 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 Interim MD&A and in the Annual MD&A.

All forward-looking statements in this Interim 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

The Company regularly discloses additional information through press releases and financial statements available on the Company's website at www.niobaymetals.com and on SEDAR at www.sedar.com.