NioBay METALS

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

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, 2020 and 2019, and its financial performance and its cash flows for the years then ended 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, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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.

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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 to communicate with 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.

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
April 21, 2021

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

Niobay Metals Inc.
Consolidated Statements of Financial Position

(in Canadian dollars)	**December 31, 2020**	December 31, 2019
	$	$
ASSETS		
Current		
Cash and cash equivalents (Note 4)	**13,174,309**	3,265,559
Sales taxes receivable	**150,167**	84,484
Tax credits related to resources and mining taxes	**139,608**	143,447
Prepaid expenses and deposits	**28,449**	80,338
	13,492,533	3,573,828
Non-current		
Investments (Note 5)	**752,500**	-
Property and equipment (Note 7)	**108,625**	107,335
Exploration and evaluation assets (Note 6)	**-**	399,945
TOTAL ASSETS	**14,353,658**	4,081,108
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	**607,322**	478,676
Liability related to flow-through shares (Note 9)	**442,209**	142,442
Deferred grants (Note 8)	**9,275**	62,700
TOTAL LIABILITIES	**1,058,806**	683,818
EQUITY		
Share capital (Note 9)	**84,345,026**	73,241,204
Contributed surplus	**8,167,656**	7,297,942
Deficit	**(79,243,429)**	(77,186,352)
Equity attributable to shareholders of the Company	**13,269,253**	3,352,794
Non-controlling interests	**25,599**	44,496
TOTAL EQUITY	**13,294,852**	3,397,290
TOTAL LIABILITIES AND EQUITY	**14,353,658**	4,081,108

Commitments and contingencies (Note 18)

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

	Years ended December 31,	
(in Canadian dollars)	**2020**	2019
	$	$
Expenses		
Exploration and evaluation (Note 11)	**2,116,192**	627,557
Management and administration (Note 12)	**942,481**	801,837
Gain on the sale of a royalty, net of transaction costs (Note 6)	**1,586,088**	-
Gain on the sale of exploration and evaluation assets (Note 6)	**753,556**	-
Share-based compensation	**266,747**	180,655
Depreciation of property and equipment	**14,967**	14,026
Operating loss	**(1,000,743)**	(1,624,075)
Income related to flow-through shares (Note 9)	**142,442**	-
Other income (Note 8)	**53,425**	45,480
Finance income	**23,687**	34,443
Unrealized gain on investments (Note 5)	**17,500**	-
Loss on foreign exchange	**(3)**	(1,327)
Net loss and comprehensive loss	**(763,692)**	(1,545,479)
Net loss and comprehensive loss attributable to:		
Shareholders of the Company	**(744,795)**	(1,502,729)
Non-controlling interests	**(18,897)**	(42,750)
Basic and fully diluted loss per common share (Note 15)	**(0.01)**	(0.03)
Weighted average number of common shares - basic and diluted	**53,582,758**	45,826,788

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

Niobay Metals Inc.
Consolidated Statements of Shareholders' Equity

(in Canadian dollars, except for number of shares)	**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, 2019	**51,926,009**	**73,241,204**	**7,297,942**	**(77,186,352)**	**3,352,794**	**44,496**	**3,397,290**
Units issued pursuant to a private placement (Note 9)	328,571	115,000	-	-	115,000	-	115,000
Share issue expenses on private placement	-	-	-	(4,472)	(4,472)	-	(4,472)
Units issued pursuant to a brokered financing (Note 9)	10,094,910	6,157,692	404,000	-	6,561,692	-	6,561,692
Issuance of flow-through share units (Note 9)	7,399,127	5,031,406	-	-	5,031,406	-	5,031,406
Liability related to flow-through shares (Note 9)	-	(442,209)	-	-	(442,209)	-	(442,209)
Share issue expenses on a brokered financing	-	-	285,000	(1,307,810)	(1,022,810)	-	(1,022,810)
Options exercised	530,000	215,533	(86,033)	-	129,500	-	129,500
Warrants exercised	48,000	26,400	-	-	26,400	-	26,400
Share-based compensation	-	-	266,747	-	266,747	-	266,747
Net loss and comprehensive loss	-	-	-	(744,795)	(744,795)	(18,897)	(763,692)
Balance at December 31, 2020	**70,326,617**	**84,345,026**	**8,167,656**	**(79,243,429)**	**13,269,253**	**25,599**	**13,294,852**
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
Units issued pursuant to a private placement (Note 9)	1,710,200	598,570	-	-	598,570	-	598,570
Issuance of flow-through share units (Note 9)	4,525,698	1,742,394	-	-	1,742,394	-	1,742,394
Liability related to flow-through shares (Note 9)	-	(142,442)	-	-	(142,442)	-	(142,442)
Share issue expenses on private placement	-	-	68,401	(219,878)	(151,477)	-	(151,477)
Share-based compensation	-	-	180,655	-	180,655	-	180,655
Net loss and comprehensive loss	-	-	-	(1,502,729)	(1,502,729)	(42,750)	(1,545,479)
Balance at December 31, 2019	51,926,009	73,241,204	7,297,942	(77,186,352)	3,352,794	44,496	3,397,290

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

Niobay Metals Inc.
Consolidated Statements of Cash Flows

(in Canadian dollars)	**Years ended December 31, 2020**	2019
	$	$
Operating activities		
Net loss	**(763,692)**	(1,545,479)
Adjustments		
Share-based compensation	**266,747**	180,655
Depreciation of property and equipment	**14,967**	14,026
Gain on the sale of a royalty, net of transaction costs	**(1,586,088)**	-
Non-cash gain on the sale of exploration and evaluation assets (Note 6)	**(735,000)**	-
Other income	**(53,425)**	(45,480)
Income related to flow-through shares	**(142,442)**	-
Loss on foreign exchange	**3**	1,327
Unrealized gain on investments	**(17,500)**	-
Changes in working capital items		
Sales taxes receivable	**(65,683)**	(32,481)
Tax credits related to resources and mining taxes	**3,839**	7,561
Prepaid expenses and deposits	**51,889**	(48,456)
Accounts payable and accrued liabilities	**135,646**	135,513
Net cash flows used in operating activities	**(2,890,739)**	(1,332,814)
Investing activities		
Proceeds from the sale of a royalty, net of transaction costs (Note 6)	**1,986,033**	-
Investments in property and equipment (Note 7)	**(16,257)**	(1,165)
Net cash flows from (used in) investing activities	**1,969,776**	(1,165)
Financing activities		
Private placements (Note 9)	**115,000**	2,340,964
Brokered financing (Note 9)	**11,593,098**	-
Share issue expenses	**(1,034,282)**	(31,477)
Proceeds from the exercise of options	**129,500**	-
Proceeds from the exercise of warrants	**26,400**	-
Net cash flows from financing activities	**10,829,716**	2,309,487
Effect of exchange rate changes on cash held in foreign currency	**(3)**	(1,327)
Net change in cash and cash equivalents	**9,908,750**	974,181
Cash and cash equivalents, beginning of year	**3,265,559**	2,291,378
Cash and cash equivalents, end of year	**13,174,309**	3,265,559
Supplemental cash flow information		
Share issue expenses included in accounts payable and accrued liabilities:		
Beginning of year	**120,000**	-
End of year	**113,000**	120,000

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

1. NATURE OF ACTIVITIES

Niobay Metals Inc. ("NioBay" or the "Company") is primarily engaged in the acquisition and exploration of mineral properties. NioBay is domiciled in Canada and 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, Québec, Canada.

NioBay's common shares are listed on the TSX Venture Exchange under the symbol "NBY" and on the the OTCQB Venture Market, a U.S. market operated by OTC Markets Group Inc. ("OTC") in New York, under the symbol "NBYCF''.

The Company holds a 100% interest in the James Bay niobium property (the "James Bay Project"), 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, Canada. The Company also holds a 48% direct participation in certain mineral titles located in Québec under a joint venture agreement (the "Joint Venture") dated January 18, 2008 with SOQUEM Inc. ("SOQUEM"), a subsidiary of Investissement Québec, including the Clairy, Lac Shortt and L'Espérance properties.

The duration and full financial effect of the COVID-19 pandemic is unknown at this time. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, including suppliers, service providers, employees and on global financial markets limiting our ability to access financing are also subject to significant uncertainty. The Company is monitoring developments in order to be in a position to take appropriate action.

2. BASIS OF PRESENTATION

All amounts in these consolidated financial statements are expressed in Canadian dollars unless otherwise indicated.

The Company's board of directors (the "Board") approved and authorized for issuance these consolidated financial statements on April 21, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The accounting policies followed in these consolidated financial statements are consistent with those of the previous year.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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) (inactive).

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 are 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.

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.

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. Investments are classified as FVPL and the Company has no financial assets at FVOCI.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) Financial instruments (continued)

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 a quoted investment 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:

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) Financial instruments (continued)

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 cancelled 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.

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.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term highly liquid investments with an initial maturity of three months or less that are readily convertible to known amounts of cash and which are exposed to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h) 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.

i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j) 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.

k) Share capital and warrants

Common shares and warrants are classified as equity. Expenses directly attributable to the issue of common shares, flow-through shares and warrants are presented as a deduction of deficit, net of any tax effects. Proceeds from unit placements are allocated between shares and warrants issued. Warrants that are part of units are assigned a value based on the residual value of the unit after deducting the fair value of the common shares.

l) 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.

m) 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.

n) 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

o) 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.

p) 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, Canada. The accounting treatment for refundable credit on mining duties depends on whether the Company's 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

q) 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.

r) Segment reporting

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

s) *Judgments, estimates and assumptions*

Many of the amounts included in the consolidated financial statements require the Company's management ("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 i).

Uncertain tax positions

In 2013 and 2016, MDN Tanzania 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 for an amount of approximately $770,000 plus accrued interest of approximately $600,000. The Company has not recorded any provision related to these matters at December 31, 2020, as Management believes that it has always paid taxes in accordance with local requirements and that the amounts claimed are unfounded. 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.

December 31, 2020 and 2019 (in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) *Judgments, estimates and assumptions (continued)*

Uncertain tax positions (continued)

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).

4. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
	$	$
Cash	**2,146,230**	2,613,956
Cash equivalents	**11,028,079**	651,603
	13,174,309	3,265,559

Cash equivalents at December 31, 2020 are comprised of term deposits bearing a weighted-average interest rate of 0.58% and having various maturity dates until February 2021.

5. INVESTMENTS

As at December 31, 2020, the Company holds 1,750,000 common shares in Generic Gold Corp. ("Generic Gold") (see also Note 6) valued at $752,500 ($ nil as at December 31, 2019). These investments are measured at fair value and changes in fair value are recognized in the net loss for the year. During the year ended December 31, 2020, the Company recorded an unrealized gain of $17,500 in the consolidated statement of loss and other comprehensive loss in relation to these marketable securities ($ nil for the year ended December 31, 2019).

6. EXPLORATION AND EVALUATION ASSETS

The Company's evaluation and exploration properties are as follows:

James Bay, Ontario

In June 2016, the Company completed the acquisition of the James Bay Project, from Barrick Gold Inc., James Bay Columbium Ltd. and Goldcorp Inc. (the "Sellers"). In exchange for a 100% interest in this property, the Company issued to the Sellers 1,000,000 common shares and paid a cash consideration of $25,000. The Sellers retained a 2% net smelter returns royalty (the "Royalty") over all metals produced from this 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 this property. The Back-In Right does not apply to the niobium content. These property rights are held through a Crown mining lease recorded in the name of the Company. The mining lease was renewed for a term of ten years as of March 1, 2018.

On March 28, 2018, Osisko Gold Royalties Ltd ("Osisko") and NioBay (collectively, the "Parties") completed a private placement. Pursuant to the subscription agreement entered into between the Parties, 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 Project. The option was 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 James Bay Project. On December 17, 2020, Osisko exercised its option. The proceeds received were recorded as a reduction to the evaluation and exploration assets up to the capitalized amounts at December 17, 2020, and the balance of $1,586,088 was recorded as a gain on the sale of a royalty in the consolidated statement of loss and comprehensive loss during the year ended December 31, 2020.

As at December 31, 2020, the net book value attributed to the James Bay Project is nil ($399,945 as at December 31, 2019).

Crevier, Québec

The Company holds through its 72.5%-owned subsidiary CMI, the Crevier niobium and tantalum project, located in Québec, Canada. 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.

Joint Venture, Québec

In January 2008, the Company had entered into the Joint Venture with SOQUEM, for certain mineral titles located in Québec, Canada, 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. This 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 (the "DM Property") is located 7 km east of Amex Exploration Inc.'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.

December 31, 2020 and 2019 (in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (*continued*)

On November 25, 2020, the Company completed a sales agreement for its interest in the DM Property, owned by the Joint Venture to Generic Gold. In exchange of its 47% ownership of the DM Property, the Company received: (i) cash in the amount of $25,000; and (ii) an aggregate of 1,750,000 common shares of Generic Gold (the "Consideration Shares"). The consideration received by NioBay on the Transaction totaled $760,000 and transaction costs totaled $6,444. The Company recorded a gain of $753,556 in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2020.

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, 2018	106,245	56,193	23,553	52,489	238,480
Additions	-	-	1,165	-	1,165
Balance at December 31, 2019	106,245	56,193	24,718	52,489	239,645
Additions	**11,480**	**-**	**-**	**4,777**	**16,257**
Balance at December 31, 2020	**117,725**	**56,193**	**24,718**	**57,266**	**255,902**
Accumulated Depreciation					
Balance at December 31, 2018	-	49,447	20,822	48,015	118,284
Depreciation	10,624	1,349	717	1,336	14,026
Balance at December 31, 2019	10,624	50,796	21,539	49,351	132,310
Depreciation	**11,677**	**1,678**	**636**	**976**	**14,967**
Balance at December 31, 2020	**22,301**	**52,474**	**22,175**	**50,327**	**147,277**
Net book value					
December 31, 2019	95,621	5,397	3,179	3,138	107,335
December 31, 2020	**95,424**	**3,719**	**2,543**	**6,939**	**108,625**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At December 31, 2020, accounts payable and accrued liabilities included payables and accruals of $571,502 ($442,856 at December 31, 2019) and a provision of $35,820 related to a notice of assessment issued by Revenu Québec ($35,820 at December 31, 2019).

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 had recorded a specific tax provision of $144,000 at December 31, 2018.

In 2019, the Company entered into a grant agreement for an amount up to $144,800 from The Ministère de l'Énergie et des Ressources Naturelles du Québec, as well as a second grant agreement from the Ministère de l'Économie et de l'Innovation du Québec for an amount up to $108,600. During the year ended December 31, 2019, progressive grant payments made to the Company ($108,180) were withheld by Revenu Québec and recorded against the specific tax provision.

CMI will continue to defend its position with the tax authorities.

In relation to the grants, for the year ended December 31, 2020, the Company has recognized $53,425 as other income in the consolidated statement of loss and comprehensive loss ($45,480 for the year ended December 31, 2019) and $9,275 is accounted for as deferred grants in the consolidated statement of financial position at December 31, 2020 ($62,700 at December 31, 2019).

9. SHARE CAPITAL AND WARRANTS

The Company is authorized to issue an unlimited number of common voting shares without par value.

Transactions impacting the year ended December 31, 2020

On December 8, 2020, the Company completed a brokered private placement (the "Brokered Offering"), broken down as follows:

- 10,094,910 units (the "Units") at a price of $0.65 per Unit, for total proceeds of $6,561,692. Each Unit is comprised of one common share ("Common Share") and one half of one warrant, each full warrant (a "Warrant") entitles its holder to subscribe for one Common Share at a price of $0.90 per Common Share during a 36-month period. Gross proceeds from the Units were allocated between share capital ($6,157,692) and the Warrants ($404,000), based on the fair value of the Common Shares at the date of the closing of the Brokered Offering, with the residual value of the Units allocated to the Warrants.

- 7,399,127 flow-through shares (the "FT Shares") at a price of $0.68 per FT Share, for total proceeds of $5,031,406. An amount of $442,209 (net of share issue costs of $75,730) was allocated to the liability on flow-through shares.

- Share issue costs totaled $1,307,810, including $1,022,810 in cash and the issuance of 672,653 compensation warrants (the "Compensation Warrants"), in connection with the closing of the Brokered Offering. Each Compensation Warrant entitles the holder to acquire one Unit comprised of one common share (a "Compensation Unit Share") and one half of a Warrant (each whole Warrant a "Compensation Unit Warrant") at a price of $0.65 for a period of 24 months. Each Compensation Unit Warrant will entitle its holder to acquire one common share (a "Compensation Unit Warrant Share") at a price of $0.90 for a period of 36 months from the closing date. The Compensation Warrants were accounted for at their fair value of $285,000, determined by the Black-Scholes option pricing model.

On January 22, 2020, the Company closed a non-brokered private placement pursuant to which the Company issued 328,571 units at a price of $0.35 per unit for proceeds of $115,000. Each unit is comprised of one common share and one-half of a warrant and each full warrant entitles its holder to subscribe for one common share at a price of $0.45 per common share during a 24-month period. Share issue costs totaled $4,472.

December 31, 2020 and 2019 (in Canadian dollars)

9. SHARE CAPITAL AND WARRANTS (*continued*)

Transactions impacting the year ended December 31, 2019

On December 23, 2019, the Company completed a non-brokered private placement (the "Offering"), broken down as follows:

- 4,525,698 flow-through shares units (the "FT Units") at a price of $0.385 per FT Unit, for total proceeds of $1,742,394. Each FT Unit is comprised of one FT Share and one half Warrant, each Warrant entitles its holder to subscribe for one Common Share at a price of $0.55 per Common Share during a 24-month period. The carrying value of this FT Shares is presented net of the liability related to the premium on FT Shares of $142,442, which was recorded at the date of issuance of the FT Shares. In this transaction no value has been attributed to warrants.

- 1,710,200 Units at a price of $0.35 per Unit, for total proceeds of $598,570. Each Unit is comprised of one Common Share and one half of one Warrant, each Warrant entitles its holder to subscribe for one Common Share at a price of $0.45 per Common Share during a 24-month period. Osisko purchased 857,143 Units (Note 17). In this transaction no value has been attributed to warrants.

- Share issue costs totaled $219,878, including $151,477 in cash and the issuance of 318,851 Warrants to qualified finders, in connection with the closing of the Offering. Each Warrant entitles the holder to purchase one common share at a price of $0.55 for a period of 24 months. The Warrants issued as part of this transaction were accounted for at their fair value determined by the Black-Scholes option pricing model based on the following weighted average assumptions:

Warrant exercise price	$0.55
Share price at date of grant	$0.42
Risk-free interest rate	1.60%
Expected life of warrants	2 years
Annualized expected volatility	110%
Dividend rate	-
Fair value per warrant	$0.21

Liability related to flow-through shares

	2020	**2019**
	$	**$**
Balance – beginning of year	142,442	-
Liability related to flow-through shares issued	442,209	142,442
Recognition of liability related to flow-through shares	(142,442)	-
Balance – end of year	442,209	142,442

December 31, 2020 and 2019 (in Canadian dollars)

9. SHARE CAPITAL AND WARRANTS (*continued*)

Warrants

The following table sets out the activity in Warrants:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Number of Warrants	**Price per share ($)**	Number of Warrants	Price per share ($)
Beginning of year	**3,436,800**	**0.53**	250,000	0.30
Issued	**5,211,740**	**0.89**	3,436,800	0.53
Exercised	**(48,000)**	**0.55**	-	-
Expired	**-**	**0.55**	(250,000)	0.30
End of year	**8,600,540**	**0.74**	3,436,800	0.53

The Warrants outstanding at December 31, 2020, are as follows:

Exercise price ($)	**Number of Warrants**	**Expiry date**	**Weighted average remaining contractual life (years)**
0.55	2,533,700	December 23, 2021	0.98
0.45	855,100	December 23, 2021	0.98
0.45	164,285	January 22, 2022	1.06
0.90	5,047,455	December 8, 2023	2.94
0.74	**8,600,540**		**2.13**

Compensation Warrants

As at December 31, 2020, the Company has 672,653 Compensation Warrants outstanding. Each Compensation Warrant provides the option to acquire a Compensation Unit Share and a Compensation Unit Warrant at a price of $0.65, expiring on December 8, 2022. If this option is exercised, each Compensation Unit Warrant Share is exercisable at a price of $0.90, expiring December 8, 2023.

10. STOCK OPTIONS

On June 1, 2017, the shareholders of the Company approved a rolling 10% stock option plan (the "Plan"). Pursuant to the Plan, the Board may grant stock options (“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 Options for the years ended December 31, 2020 and 2019:

	2020		2019	
	Number	**Weighted average exercise price ($)**	Number	Weighted average exercise price ($)
Options, beginning of year	**3,288,800**	**0.26**	2,848,800	0.29
Granted	**1,450,000**	**0.33**	780,000	0.19
Exercised	**(530,000)**	**0.24**	-	-
Expired	**(88,000)**	**0.45**	(340,000)	0.27
Options, end of year	**4,120,800**	**0.28**	3,288,800	0.26
Exercisable Options, end of year	**2,994,133**	**0.28**	2,118,800	0.28

December 31, 2020 and 2019 (in Canadian dollars)

10. STOCK OPTIONS

Options, when granted, are accounted for at their fair value determined by the Black-Scholes option pricing model based on the following weighted average assumptions for the years ended December 31, 2020 and 2019:

	2020	**2019**
Share price at date of grant	$0.33	$0.19
Exercise price at date of grant	$0.33	$0.19
Risk-free interest rate	0.65%	1.41%
Expected life of options	4.2 years	5 years
Annualized expected volatility	100%	120%
Dividend rate	0%	0%
Weighted average fair value per option	$0.21	$0.15

The expected volatility was determined by calculating the "historical" volatility of the Company's common share price back from the date of the grant and for a period corresponding to the expected life of the Options. When computing historical volatility, Management may disregard an identifiable period of time in which it considers that the share price was extraordinarily volatile because of a specific event that is not expected to recur during the expected life of the Option.

The following table reflects the Options issued and outstanding at December 31, 2020:

Issue date	**Number of Options**	**Exercise price ($)**	**Remaining contractual life (years)**	**Number of exercisable Options**	**Exercise price of exercisable Options ($)**
January 21, 2011	8,000	2.38	0.1	8,000	2.38
March 23, 2012	8,000	1.00	1.2	8,000	1.00
March 22, 2016	30,000	0.28	0.2	30,000	0.28
June 14, 2016	250,000	0.35	0.5	250,000	0.35
September 6, 2016	44,800	0.63	0.7	44,800	0.63
April 26, 2018	1,350,000	0.25	2.3	1,350,000	0.25
April 30, 2018	150,000	0.25	2.3	150,000	0.25
November 16, 2018	150,000	0.25	2.9	150,000	0.25
February 1, 2019	150,000	0.25	3.1	100,000	0.25
June 5, 2019	530,000	0.18	3.4	353,333	0.18
January 20, 2020	100,000	0.40	4.0	33,333	0.40
June 4, 2020	905,000	0.28	4.4	301,667	0.28
June 11, 2020	400,000	0.40	4.4	200,000	0.40
December 16, 2020	45,000	0.53	5.0	15,000	0.53
	4,120,800	**0.28**	**3.1**	**2,994,133**	**0.28**

December 31, 2020 and 2019 (in Canadian dollars)

11. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses, primarily related to the James Bay Project:

	Years ended December 31,	
	2020	2019
	$	$
Studies and analysis	**749,867**	98,450
Drilling	**512,735**	-
Wages and consulting	**426,756**	456,377
Transportation	**354,483**	23,618
Mineral claims	**40,704**	30,160
Administrative and others	**31,647**	22,075
Refundable tax credits	**-**	(3,123)
Total	**2,116,192**	627,557

12. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Years ended December 31,	
	2020	2019
	$	$
Wages and consulting	**380,513**	349,171
Investor relations and travel	**253,233**	95,741
Legal, audit and tax	**196,306**	243,193
Office	**80,215**	81,519
Reporting issuer costs	**32,214**	32,213
Total	**942,481**	801,837

13. INCOME TAXES

The reconciliation of the effective tax rate is as follows:

	Years ended December 31,	
	2020	2019
	$	$
Loss before income tax	**(763,692)**	(1,545,479)
Tax using the Company's domestic tax rate (26.5% in 2020 and 26.6% in 2019)	**(202,379)**	(411,097)
Share-based compensation	**70,688**	48,054
Impact of flow-through shares	**461,734**	-
Non-deductible expenses and others	**(37,092)**	1,599
Impact of future tax rate change	**-**	1,450
Change in unrecognized temporary differences	**(292,951)**	359,994
Tax expense	**-**	-

The Company had no deferred tax assets and liabilities at December 31, 2020 and 2019.

December 31, 2020 and 2019 (in Canadian dollars)

13. INCOME TAXES (*continued*)

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

	December 31, 2020	December 31, 2019
	$	$
Non-capital losses carry-forwards	**5,974,000**	5,585,000
Capital losses carry-forwards	**222,000**	222,000
Mining properties	**168,000**	326,000
Exploration and evaluation assets	**2,472,000**	2,950,000
Property and equipment	**31,000**	27,000
Share issue cost	**316,000**	71,000
Deferred grants	**2,000**	17,000
Other	**15,000**	15,000
Unrecognized deferred tax asset	**9,200,000**	9,213,000

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

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	896,317
2039	1,009,322
2040	1,621,996
	22,597,582

14. NET LOSS PER SHARE

As a result of the net loss for the years ended December 31, 2020 and 2019, all potentially dilutive common shares are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for these periods.

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, 2020 and December 31, 2019, 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, 2020 and 2019.

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, 2020, the Company had $13,174,309 in cash and cash equivalents to meet its current liabilities of $1,058,806. Management considers that these funds will be sufficient to cover its general administrative expenses and its planned exploration and evaluation budget for 2021.

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.

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 exposed to future cash flow fluctuations coming from changes in market interest rates. A fluctuation of 100 basis points on market interest rate would have an impact of $132,000 on the financial results of the Company for the year ended December 31, 2020.

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 $13,269,253 at December 31, 2020 (an amount of $3,352,794 at December 31, 2019).

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, 2020 and 2019 (in Canadian dollars)

17. RELATED PARTIES

During the year ended December 31, 2020, the Company did not incur administration expenses for services provided by Reunion Gold Corporation ($14,500 incurred for the year ended December 31, 2019), a related party, in 2019, by virtue of common management.

During the year ended December 31, 2020, the Company incurred administration expenses of $50,000 ($31,000 for the year ended December 31, 2019), for services provided by Osisko, a related party because it has significant influence on the Company due to the number of shares held.

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,	
	2020	2019
	$	$
Salaries, professional fees and other short-term benefits	**327,000**	289,000
Share-based compensation	**145,280**	111,800
	472,280	400,800

*Termination and Change of Control Provision*s

The Company has commitments under certain management contracts and minimum commitments under those contracts are $500,000 with respect to change of control provisions.

18. COMMITMENTS AND CONTINGENCIES

Flow-through shares

The Company is partially financed through the issuance of flow-through shares, and accordingly, the Company is engaged to complete mining exploration activities. These tax rules also set deadlines for carrying out the exploration work no later than the first of the following dates:

a. Two years following the flow-through placements;
b. One year after the Company has renounced the tax deductions relating to the exploration work.

On December 23, 2019, the Company received $1,724,394 following the issuance of flow-through shares for which the Company renounced tax deductions as at December 31, 2019. The commitment related to this issuance was completed as at December 31, 2020.

On December 8, 2020, the Company received $5,031,406 following the issuance of flow-through shares for which the Company renounced tax deductions as at December 31, 2020. As at December 31, 2020, expenditures have yet to be incurred in regards to this obligation, which must be completed by December 31, 2022.

19. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition, exploration and evaluation of mineral properties. At December 31, 2020 and 2019, all assets are located in Canada.