



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**For the three months ended
March 31, 2020**

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>(in Canadian dollars)</i>	March 31, 2020	December 31, 2019
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (Note 4)	2,042,401	3,265,559
Sales taxes receivable	213,787	84,484
Tax credits related to resources and mining taxes receivable	143,447	143,447
Prepaid expenses and deposits	149,418	80,338
	2,549,053	3,573,828
Non-current		
Exploration and evaluation assets (Note 5)	399,945	399,945
Property and equipment	114,708	107,335
TOTAL ASSETS	3,063,706	4,081,108
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	774,467	478,676
Deferred grants (Note 6)	9,835	62,700
Liability related to flow-through shares (Note 7)	50,032	142,442
TOTAL LIABILITIES	834,334	683,818
EQUITY		
Share capital (Note 7)	73,356,204	73,241,204
Contributed surplus	7,340,427	7,297,942
Deficit	(78,501,876)	(77,186,352)
Equity attributable to shareholders of the Company	2,194,755	3,352,794
Non-controlling interests	34,617	44,496
TOTAL EQUITY	2,229,372	3,397,290
TOTAL LIABILITIES AND EQUITY	3,063,706	4,081,108

Going concern (Note 2) and Commitments and contingencies (Note 13).

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 Loss and Comprehensive Loss

<i>(in Canadian dollars)</i>	Three-months ended March 31,	
	2020	2019
	\$	\$
Expenses		
Exploration and evaluation (Note 9)	1,251,683	144,049
Management and administration (Note 10)	179,704	181,818
Share-based compensation	42,485	56,084
Depreciation of property and equipment	4,108	3,443
Operating loss	(1,477,980)	(385,394)
Finance income	11,750	11,606
Other income (Note 6)	52,865	-
Gain (loss) on foreign exchange	24	(347)
Income related to flow-through shares (Note 7)	92,410	-
Net loss and comprehensive loss	(1,320,931)	(374,135)
Net loss and comprehensive loss attributable to:		
Shareholders of the Company	(1,311,052)	(363,883)
Non-controlling interests	(9,879)	(10,252)
Basic and fully diluted loss per common share (Note 11)	(0.03)	(0.01)
Weighted average number of common shares - basic and diluted (Note 11)	52,175,145	45,690,111

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

Niobay Metals Inc.
Consolidated Statements of Shareholders' Equity

<i>(in Canadian dollars, except for number of shares)</i>	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 7)	328,571	115,000	-	-	115,000	-	115,000
Share issue expenses on private placement	-	-	-	(4,472)	(4,472)	-	(4,472)
Share-based compensation	-	-	42,485	-	42,485	-	42,485
Net loss and comprehensive loss	-	-	-	(1,311,052)	(1,311,052)	(9,879)	(1,320,931)
Balance at March 31, 2020	52,254,580	73,356,204	7,340,427	(78,501,876)	2,194,755	34,617	2,229,372
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
Share-based compensation	-	-	56,084	-	56,084	-	56,084
Net loss and comprehensive loss	-	-	-	(363,883)	(363,883)	(10,252)	(374,135)
Balance at March 31, 2019	45,690,111	71,042,682	7,104,970	(75,827,628)	2,320,024	76,994	2,397,018

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

Niobay Metals Inc. Consolidated Statements of Cash Flows

	Three months ended March 31,	
<i>(in Canadian dollars)</i>	2020	2019
	\$	\$
Operating activities		
Net loss	(1,320,931)	(374,135)
Adjustments		
Share-based compensation	42,485	56,084
Depreciation of property and equipment	4,108	3,443
Other income	(52,865)	-
Income related to flow-through shares	(92,410)	-
Foreign exchange (gain) loss	(24)	347
Changes in working capital items		
Sales taxes receivable	(129,303)	14,931
Prepaid expenses and deposits	(69,080)	20,429
Accounts payable and accrued liabilities	415,791	(25,754)
	(1,202,229)	(304,655)
Investing activities		
Additions to property and equipment	(11,481)	(1,166)
Financing activities		
Private placement (Note 7)	115,000	-
Share issue expenses	(124,472)	-
	(9,472)	-
Effect of exchange rate changes on cash held in foreign currency	24	(342)
Net change in cash and cash equivalents	(1,223,158)	(306,163)
Cash and cash equivalents, beginning of period	3,265,559	2,291,378
Cash and cash equivalents, end of period	2,042,401	1,985,215
Supplemental cash flow information		
Share issue expenses included in accounts payable and accrued liabilities:		
Beginning of period	120,000	-
End of period	-	-

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

March 31, 2020 (in Canadian dollars)

1. GENERAL INFORMATION

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.

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

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

The Board of Directors approved and authorized for issuance these consolidated financial statements on May 19, 2020.

2. GOING CONCERN

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, the Company's management ("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 March 31, 2020, the Company had a working capital of \$1,714,719 (\$2,890,010 at December 31, 2019), had an accumulated deficit of \$78,501,876 (an accumulated deficit of \$77,186,352 at December 31, 2019) and incurred a loss of \$1,320,931 for the three-months ended March 31, 2020 (a loss of \$374,135 for the three-months ended March 31, 2019). Working capital at March 31, 2020 included cash and cash equivalents of \$2,042,401 (\$3,265,559 at December 31, 2019).

The Company estimates that the working capital available at March 31, 2020 will not be sufficient to cover its general administrative expenses and its planned exploration and evaluation budget for the next twelve months. Since the Company does not generate cash flows, it will need to raise additional funds in the future through the issuance of debt or equity instruments or a combination of strategic partnerships or joint venture arrangements to meet future work requirements. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms that are acceptable to the Company.

The three-month period ended March 31, 2020 was marked by the severity of the Coronavirus global outbreak which has triggered a significant negative effect on global financial markets. The extent and duration of impacts that the Coronavirus may have on the Company's operations including suppliers, service providers, employees and on global financial markets limiting our ability to access financing is not known at this time but could be material. The Company is monitoring developments in order to be in a position to take appropriate action.

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

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2020 (in Canadian dollars)

3. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* using the same accounting policies and methods of computation as the Company's most recent annual consolidated financial statements.

These unaudited condensed interim consolidated financial statements 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 annual consolidated financial statements for the years ended December 31, 2019 and 2018 which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

4. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019
	\$	\$
Cash	212,268	2,613,956
Cash equivalents	1,830,133	651,603
	2,042,401	3,265,559

Cash equivalents at March 31, 2020 are comprised of term deposits bearing a weighted-average interest rate of 2.0% and having various maturity dates until June 2020.

5. EXPLORATION AND EVALUATION ASSETS

As at March 31, 2020 and December 31, 2019, the Company's evaluation and exploration assets total \$399,945 and relate to the James Bay niobium property, located in northern Ontario.

In June 2016, the Company completed the acquisition of the James Bay niobium property, from Barrick Gold Inc., James Bay Columbian Ltd. and Goldcorp Inc. (the "Sellers"). In exchange for a 100% interest in the property, the Company issued to the Sellers 1,000,000 common shares and paid a cash consideration of \$25,000. The Sellers retain a 2% net smelter return royalty ("Royalty") over all metals produced from the property. The Company has the right to buy-back 1% of the Royalty for an amount of \$2,000,000 (in constant 2016 dollars, subject to a cap of \$3,000,000) at any time. Moreover, the Sellers have the right to re-acquire a 51% interest in the property (the "Back-in Right"), in case of the establishment on the property of one or more deposits containing no less than 2 million gold ounces and/or gold equivalent ounces of resources in aggregate, upon payment by the Sellers to the Company of 2.5 times the Company's expenditures incurred on the property. The Back-In Right does not apply to the niobium content.

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2020 (in Canadian dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At March 31, 2020, accounts payable and accrued liabilities included payables and accruals of \$738,647 (\$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 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. As at March 31, 2020, progressive grant payments made to the Company totaling \$108,180 were withheld by Revenu Québec and recorded against the specific tax provision. For the three-month period ended March 31, 2020, the Company has recognized \$52,865 as other income in the consolidated statement of loss and comprehensive loss (\$45,480 recognized as other income during the year ended December 31, 2019). As at March 31, 2020, \$9,835 is accounted for as deferred grants in the consolidated statement of financial position (\$62,700 as at December 31, 2019).

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

7. SHARE CAPITAL AND WARRANTS

Issued and fully paid

At March 31, 2020, the Company had 52,254,580 issued and outstanding common shares (51,926,009 issued and outstanding common shares at December 31, 2019).

Issuance of shares

On January 23, 2020, the Company closed of 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 being comprised of one common share and one half of a warrant, 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.

Liability related to flow-through shares

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	\$	\$
Balance – beginning of period	142,442	-
Liability related to flow-through shares issued	-	142,442
Recognition of liability related to flow-through shares	<u>(92,410)</u>	-
Balance – end of period	<u>50,032</u>	<u>142,442</u>

Share purchase warrants

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

	Three-months ended March 31,	
	2020	
	Number of	Price per
	Warrants	share (\$)
Beginning of period	3,436,800	0.53
Issued	164,285	0.45
End of period	<u>3,601,085</u>	<u>0.52</u>

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2020 (in Canadian dollars)

8. STOCK OPTIONS

The following table sets out the activity in stock options:

	Three-months ended March 31, 2020	
	Number	Weighted average exercise price (\$)
Options, beginning of period	3,288,800	0.26
Granted	100,000	0.44
Expired	(8,000)	2.50
Options, end of period	3,380,800	0.26
Exercisable options, end of period	2,160,800	0.28

On January 20, 2020, the Company granted 100,000 stock options to an officer and key consultant. One third of the stock options granted vested at the grant date and the remaining stock options granted are subject to a two-year vesting period. All grants have a five-year term at an exercise price of \$0.44. At the date of grant, the market price of the share was \$0.44. The fair value of the stock options was estimated at \$0.34 per option based on the Black-Scholes option pricing model using an expected life of 5 years, a risk-free interest rate of 1.44%, an annualized volatility of 119% and a dividend rate of 0%.

9. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses:

	Three months ended March 31,	
	2020	2019
	\$	\$
Wages and consulting	221,686	86,058
Drilling	508,323	-
Studies	127,022	34,001
Mineral claims	28,190	13,583
Transportation	347,505	3,804
Administrative and others	18,957	6,603
Total	1,251,683	144,049

10. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Three months ended March 31,	
	2020	2019
	\$	\$
Wages and fees	91,811	83,669
Legal, audit and tax	4,509	12,119
Office	28,849	18,303
Investor relations and travel	43,733	58,377
Reporting issuer costs	10,802	9,350
Total	179,704	181,818

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2020 (in Canadian dollars)

11. NET LOSS PER SHARE

The calculation of basic and diluted loss per share for the three-month period ended March 31, 2020 was based on the net loss attributable to common shareholders of \$1,311,052 (\$363,883 for the three-month period ended March 31, 2019) and the weighted average number of common shares outstanding of 52,175,145 (45,690,111 for the three-month period ended March 31, 2019). Due to the net loss for the three-month periods ended March 31, 2020 and 2019, all potentially dilutive common shares (Notes 7 and 8) are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for these periods.

12. RELATED PARTIES

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:

	Three months ended March 31,	
	2020	2019
	\$	\$
Salaries, professional fees and other short-term benefits	79,000	72,250
Share-based compensation	33,500	32,700
	112,500	104,950

13. 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:

- Two years following the flow-through placements;
- 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. As at March 31, 2020, \$600,000 remains to be incurred.

14. SEGMENTED INFORMATION

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



MANAGEMENT'S DISCUSSION & ANALYSIS

Three-months ended March 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE-MONTHS ENDED MARCH 31, 2020

The following management discussion and analysis (the "MD&A") of the operations and financial position of Niobay Metals Inc. ("NioBay" or the "Company") for the three-month period ended March 31, 2020, should be read in conjunction with NioBay's audited consolidated financial statements as at and for the year ended December 31, 2019 (the "Annual Financial Statements"). The MD&A is intended to supplement and complement the Company's unaudited condensed interim consolidated financial statements and related notes as of March 31, 2020, and for the three-month periods ended March 31, 2020 and 2019 (the "Financial Statements").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Consequently, all comparative financial information presented in the MD&A reflects the consistent application of IFRS.

NioBay's management ("Management") is responsible for the preparation of the financial statements and other financial information relating to the Company included in this MD&A. The Board of Directors (the "Board") is responsible for ensuring that Management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board has appointed an Audit Committee composed entirely of independent directors. The Audit Committee meets with Management in order to discuss results of operations and the financial condition of the Company prior to making recommendations and submitting the financial statements to the Board for its consideration and approval for issuance to shareholders. The information included in the MD&A is as of May 19, 2020, the date when the Board approved the Financial Statements, following the recommendation of the Audit Committee. All monetary amounts included in this report are expressed in Canadian dollars, the Company's reporting and functional currency, unless otherwise noted.

DESCRIPTION OF BUSINESS

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.

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

As at May 19, 2020, the Company has 52,254,580 common shares issued and outstanding. The common shares are listed on the TSX Venture Exchange under the symbol NBY. At March 31, 2020, the Company has cash and cash equivalents of \$2.0 million.

JAMES BAY NIOBIUM PROJECT

In June 2016, the Company acquired the James Bay Niobium Project from Barrick Gold Inc., James Bay Columbian Ltd. and Goldcorp Inc. The property is located in the district of Cochrane, in the James Bay Lowlands in northeastern Ontario, and covers an area of 6,388 acres. The property rights are held through a Crown mining lease recorded in the name of the Company.

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

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

Drilling Program

In October 2016, the Company filed an application with the Ontario Ministry of Energy, Northern Development and Mines (the "MENDM") for an exploration permit to conduct a drilling program on the James Bay Niobium Project (the "Drilling Program"). The main objective of the Drilling Program was to test the continuity of the high-grade zones of the deposit both laterally and at depth. As part of the process to obtain the permit, the Company and the MENDM reached out to all impacted stakeholders in the area of the James Bay Niobium Project, including the Moose Cree First Nation ("MCFN"). On January 29, 2019, the MENDM issued the exploration permit to the Company subject to certain terms and conditions in order to mitigate any potential adverse impact on the environment.

Judicial Review and Protection Agreement

On March 1, 2019, the MCFN and a member of the MCFN had brought an application against the province of Ontario and the Company for judicial review seeking to, among other things, set aside the exploration permit issued to the Company on January 29, 2019 with respect to an exploration program to be conducted on the James Bay Niobium Project. On October 18, 2019, MCFN and a member of the MCFN community consented to an order dismissing the judicial review application they had commenced. On October 30, 2019, the Ontario Divisional Court issued an order dismissing the application.

The Company did not intend to start the Drilling Program without the support of the MCFN. As such, the Company undertook the negotiation of a protection agreement (the "Protection Agreement") with the MCFN which was concluded on December 24, 2019.

The Protection Agreement provides a framework for the building of a mutually cooperative, respectful, and beneficial relationship between the Company and the MCFN (collectively, the "Parties"), including a mechanism for effective communication, information exchange, and meaningful discussion respecting the Drilling Program. The Protection Agreement also outlines how the Parties will collaborate to ensure the Drilling Program is executed with high environmental and safety standards while respecting MCFN aboriginal and treaty rights.

Drill Program Highlights

On March 7, 2020, the Company completed the Drilling Program. A total of seven holes for a total of 3,090 metres were drilled to test the extension of a high-grade zone at depth. All seven holes intersected visually mineralised carbonatite over down hole lengths varying from 108 metres to 243 metres and pyrochlore was the main niobium mineral identified. The mineralised carbonatite zone remains open at depth on all the three sections drilled. The vertical depth of the deepest carbonatite intersection was 370 metres from surface. Initial results on the first three drill holes were disclosed by the Company on a press release dated April 8, 2020 and titled "*NioBay intersects 1.02% Nb₂O₅ over 62 metres at James Bay Niobium*". Highlights from this press release include:

- Hole NBY-20-E1 intersected 0.69% Nb₂O₅ over 185 metres, including 1.02% Nb₂O₅ over 61.8 metres.
- Hole NBY-20-E2 intersected 0.66% Nb₂O₅ over 190 metres, including 0.97% Nb₂O₅ over 62.5 metres.
- Hole NBY-20-E3 intersected 0.58% Nb₂O₅ over 105 metres, including 0.80% Nb₂O₅ over 15.5 metres.

The Company is currently compiling the assays and checking QA/QC on the remaining four drill holes.

Niobay was hosted by MCFN to provide a community update on March 5, 2020 to discuss the Drilling Program and presented opportunities for future collaborations. NioBay continues to communicate with MCFN in relation to the Drilling Program and potential summer activities at site despite COVID-19, as discussed below under the "*Coronavirus (COVID-19)*" heading.

Mineral Resource Estimate

In November 2017, the Company had reported an initial Mineral Resource estimate for its James Bay Niobium Project prepared in accordance with Canadian National Instrument 43-101 following the re-logging and re-sampling program of representative historical drill holes conducted by NioBay. In November 2018, the Company reported an 11% increase to the initially reported Mineral Resource estimate due to a revised tonnage factor. A tonnage factor of 10.9 ft³/ton was used compared to a tonnage factor of 12.2 ft³/ton used in the initial 2017 estimate. The initial and updated Mineral Resource estimates were prepared by Roscoe Postle Associates Inc. ("RPA"). The effective date of the updated estimate is October 31, 2018 and the supporting technical report was filed on SEDAR. Highlights of the October 31, 2018 Mineral Resource estimate:

Classification	Tonnes (Mt)	Grade (%Nb ₂ O ₅)	Contained Nb ₂ O ₅ (Mkg)
Indicated	26.1	0.53	139
Inferred	25.3	0.51	129

Notes:

1. Minerals Resources are reported in metric tonnes.
2. CIM (2014) definitions were followed for Mineral Resources.
3. Mineral Resources are reported at a cut-off grade of 0.3% Nb₂O₅ based on an underground mining operating cost of C\$70/tonne and a metallurgical recovery of 70%.
4. Mineral Resources are estimated using a long-term niobium price of US\$40 per kg and a US\$/C\$ exchange rate of 1:1.2.
5. A tonnage factor of 10.9 ft³/ton (2.93 g/cm³) was used.
6. A minimum mining width of approximately 25 ft (7.6m) was used to build the resource wireframes.
7. Resources situated in a 150 ft (45.7m) thick crown pillar have been excluded.
8. The RPA Qualified Persons for the estimate are Dorota El Rassi, P.Eng. and Paul Chamois, P.Geo.

Geophysics Program

The Company is planning a high-resolution magnetic geophysics survey on both the James Bay Niobium and Valentine properties. The last survey on James Bay dated from the 1960's. The Valentine property is located near the Otter dam which is approximately 110 km south-east of the James Bay Niobium Project. In 1967, the same exploration companies that discovered James Bay property drilled three holes on the Valentine property. One of these holes ended in a 75 metres mineralized carbonatite that seems to be open at depth and laterally. The schedule of this geophysics program is currently under review as a result of COVID-19, as discussed below under the "Coronavirus (COVID-19)" heading.

CREVIER PROJECT

The Crevier niobium and tantalum resource project (the "Crevier Project") is held through CMI, a private company 72.5% owned by the Company and 27.5% owned by Niobec Inc., a wholly-owned subsidiary of Magris Resources Inc. and is located north of Lake St-Jean in the Roberval County, Quebec. The Crevier deposit was discovered in 1975 by SOQUEM. In 2010, a preliminary economic assessment of the development of the niobium-tantalum resource was prepared by Met-Chem Canada Inc. after which several feasibility-stage studies were conducted including a pilot plant process.

The Company has a non-expiring right to acquire 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.

In August 2018, the Company initiated desktop evaluation work on the Crevier Project. Following this work, the Company initiated a series of metallurgical tests. From the fifteen-tonne bulk sample extracted from the deposit in early June 2019, a portion was shipped to the COREM research and development center in Quebec City. Metallurgical tests were initiated to test innovative technologies with a focus on pre-concentration technologies and new reagents developed over the last few years. The additional metallurgical testing to be performed use new and innovative techniques and equipment, with a view of increasing niobium and tantalum grades in concentrates. Results were expected late in the third quarter of 2020, however COREM has temporarily shut down its operations due to COVID-19, as discussed below under the "Coronavirus (COVID-19)" heading.

In relation to this work, the Company received a grant of an amount up to \$144,800 from The Ministère de l'Énergie et des Ressources Naturelles du Québec, as well as a second grant from the Ministère de l'Économie et de l'Innovation du Québec of an amount up to \$108,600.

Depending on the tests results, the Company may evaluate various options to further develop the Crevier Project.

QUALIFIED PERSON

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

DESCRIPTION OF FINANCING TRANSACTIONS

Financing transactions completed during the three-months ended March 31, 2020

On January 23, 2020, the Company closed of 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.

GRANT OF STOCK OPTIONS

On January 20, 2020, the Company granted 100,000 stock options to an officer and key consultant. One third of the stock options granted vested at the grant date and the remaining stock options granted are subject to a two-year vesting period. All grants have a five-year term at an exercise price of \$0.44.

FINANCIAL CONDITION

As at March 31, 2020, the Company had a working capital of \$1,714,719, which includes cash and cash equivalents of \$2,042,401.

The Company estimates that the working capital available at March 31, 2020 will not be sufficient to cover its general administrative expenses and its planned exploration and evaluation budget for the next twelve months. Since the Company does not generate cash flows, it will need to raise additional funds in 2020 through the issuance of equity, strategic partnerships or joint venture arrangements to meet its planned exploration and evaluation work programs. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company. If the Company is not successful in raising additional funds, it may be required to reduce the scope of, or eliminate its planned exploration and evaluation activities.

CORONAVIRUS (COVID 19)

Niobay faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt, directly or indirectly, its operations and may materially and adversely affect its business and financial conditions.

Niobay's business could be adversely impacted by the effects of the coronavirus or other epidemics. In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread to several other countries, including Canada and the U.S., and infections have been reported globally. The extent to which the coronavirus impacts Niobay's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. There can be no assurance that Niobay's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks.

In addition, a significant outbreak of coronavirus could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for specialty metals and Niobay's future prospects.

OUTLOOK

The Company's development strategy is focused on the development of economic mineral deposits, where the benefits of mining or selling the deposits, will ensure the Company's sustainability. Management, while implementing its development strategy, will take into account the context of global market conditions and the stock market.

The Company is presently finalizing the analysis of its latest drill results received early May 2020 on the James Bay Niobium Project. SGS Lakefield has commenced a series of metallurgical test works on the core samples, and RPA will produce a Mineral Resource update by mid-summer. Following the completion of the Mineral Resource update and metallurgical testing, G Mining Service Inc. will complete a Preliminary Economic Assessment ("PEA") on the James Bay Niobium Project. The PEA is expected to be finalized during the last quarter of 2020. The results of the PEA will dictate the next steps in the development of the James Bay Niobium Project.

Further, the Company continues to engage with the local first nation MCFN. MCFN leadership invited the Company to host an information session on March 5, 2020, and a second information session will be hosted as soon as the MCFN's travel restrictions are lifted.

Finally, the Crevier Project's metallurgical testing at COREM were suspended due to COVID-19 and should continue sometime in the second quarter of 2020. The results of the studies being conducted at COREM, as described above, could have a significant impact on the development of the Crevier Project.

EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses by project:

Three-months ended March 31, 2020	James Bay	Crevier	Others	Total
	\$	\$	\$	\$
Wages and fees	217,286	4,400	-	221,686
Drilling	508,323	-	-	508,323
Studies	52,551	74,471	-	127,022
Mineral claims	16,892	3,398	7,900	28,190
Transportation	347,505	-	-	347,505
Administrative and others	17,907	1,050	-	18,957
Total	1,160,464	83,319	7,900	1,251,683

Three-months ended March 31, 2019	James Bay	Crevier	Others	Total
	\$	\$	\$	\$
Wages and fees	81,683	250	4,125	86,058
Studies	6,233	27,768	-	34,001
Property payments	7,755	1,048	4,780	13,583
Administrative and others	10,407	-	-	10,407
Total	106,078	29,066	8,905	144,049

FINANCIAL REVIEW

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

Results for the 1st quarter ended March 31, 2020 ("Q1-2020") compared to the 1st quarter ended March 31, 2019 ("Q1-2019")

The Company incurred a net loss of \$1,320,931 during Q1-2020 (\$0.03 per share) compared to a net loss of \$374,135 in Q1-2019 (\$0.01 per share). The net loss attributable to shareholders of the Company totaled \$1,311,052 in Q1-2020 compared to \$363,883 in Q1-2019.

The operating loss for Q1-2020 was \$1,477,980 and increased by \$1,092,586 as compared to Q1-2019. This increase from Q1-2019 is mostly due to the exploration and evaluation expenses incurred related to the Drill Program at the James Bay Niobium Project. Evaluation and evaluation expenditures totaled \$1,251,683 in Q1-2020 (\$144,049 in Q1-2019), the details of which can be seen in the tables above.

Management and administration expenses totaled \$179,704 in Q1-2020 (\$181,818 in Q1-2019) and were consistent between periods. Share-based compensation totaled \$42,485 during Q1-2020 (\$56,084 in Q1-2019). The decrease in share-based compensation between periods is due to the lower degree of vesting associated with stock options granted in prior periods.

The Company realized \$11,750 as finance income in Q1-2020 (\$11,606 in Q1-2019). The consistent finance income results from similar liquidities held throughout both years. Other income related to the recognition of the deferred government grants in Q1-2020 amounted to \$52,865 (\$ nil in Q1-2019). Income related to the recognition of the deferred premium on flow-through shares in Q1-2020 amounted to \$92,410 (\$ nil in Q1-2019).

Selected Quarterly Financial Information

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

Period ended	Finance income	Net loss	Net loss attributable to	Basic and
	\$	\$	to shareholders	diluted loss
			of the Company	per share
	\$	\$	\$	\$
March 31, 2020	11,750	(1,320,931)	(1,311,052)	(0.03)
December 31, 2019	5,877	(507,322)	(498,548)	(0.01)
September 30, 2019	7,634	(313,389)	(309,210)	(0.01)
June 30, 2019	9,326	(350,633)	(331,088)	(0.01)
March 31, 2019	11,606	(374,135)	(363,883)	(0.01)
December 31, 2018	12,183	(373,820)	(359,395)	(0.02)
September 30, 2018	11,613	(362,908)	(358,591)	(0.01)
June 30, 2018	6,967	(367,080)	(365,598)	(0.01)

Liquidity and Capital Resources

The Company's working capital at March 31, 2020 totaled \$1,714,719 compared to a working capital of \$2,890,010 at December 31, 2019.

The Company estimates that the working capital available at March 31, 2020 will not be sufficient to cover its general administrative expenses and its planned exploration and evaluation budget for the next twelve months. The Company's properties are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flow. The potential sources of future funds presently available to the Company are through equity financing, joint venture or other arrangements. The ability of the Company to arrange future financings will depend in part upon global economic and capital market conditions, the potential of its projects as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If the Company is not successful in raising additional funds, it may be required to reduce the scope of, or eliminate its planned exploration and evaluation activities.

Capital Management

In managing its capital, the objective of the Company is to preserve its ability to continue its mining exploration while maintaining the current exploration programs and evaluation of mining assets, to provide sufficient working capital to meet its current commitments and to pursue potential investments. At March 31, 2020, the capital of the Company consists of equity attributable to shareholders of the Company of \$2,194,755 (\$3,352,794 at December 31, 2019). The Company manages its capital structure and makes adjustments in accordance with the aforementioned objectives, as well as in light of changes in economic conditions and the risk characteristics of the underlying assets.

Off-Balance Sheet Arrangements

As at March 31, 2020, the Company has no off-balance sheet arrangements.

Transactions with Related Parties

The remuneration to directors and key management of the Company, including the President and CEO and the CFO totaled \$112,500 during Q1-2020, including \$33,500 as share-based compensation (\$104,950 in Q1-2019, including \$32,700 as share-based compensation).

Outstanding Share Data

As at May 19, 2020, the Company has 52,254,580 common shares, 3,601,085 share purchase warrants and 3,388,800 stock options outstanding.

OTHER RISKS AND UNCERTAINTIES

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

Company Specific Risks

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

Industry Risks

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

Additional Information and Continuous Disclosure

This MD&A has been prepared as at May 19, 2020. Additional information on the Company is available through regular filings of press releases, financial statements and MD&A on SEDAR (www.sedar.com) and on the Company's website (www.niobaymetals.com).