



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**For the three-month and six-month periods ended
June 30, 2020**

In Canadian Dollars

Unaudited

Niobay Metals Inc.

Consolidated Statements of Financial Position

<i>(in Canadian dollars)</i>	June 30, 2020	December 31, 2019
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (Note 4)	1,477,586	3,265,559
Sales taxes receivable	102,893	84,484
Tax credits related to resources and mining taxes receivable	143,447	143,447
Prepaid expenses and deposits	19,300	80,338
	1,743,226	3,573,828
Non-current		
Exploration and evaluation assets	399,945	399,945
Property and equipment	111,151	107,335
TOTAL ASSETS	2,254,322	4,081,108
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	421,650	478,676
Deferred grants (Note 5)	9,275	62,700
Liability related to flow-through shares (Note 6)	34,945	142,442
TOTAL LIABILITIES	465,870	683,818
EQUITY		
Share capital (Note 6)	73,388,739	73,241,204
Contributed surplus	7,424,475	7,297,942
Deficit	(79,053,494)	(77,186,352)
Equity attributable to shareholders of the Company	1,759,720	3,352,794
Non-controlling interests	28,732	44,496
TOTAL EQUITY	1,788,452	3,397,290
TOTAL LIABILITIES AND EQUITY	2,254,322	4,081,108

Going concern (Note 2) and Commitments and contingencies (Note 12).

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>(unaudited, in Canadian dollars)</i>	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Expenses and other items				
Exploration and evaluation (Note 8)	254,284	117,316	1,505,967	261,365
Management and administration (Note 9)	226,376	177,710	406,080	359,528
Share-based compensation	94,083	61,377	136,568	117,461
Depreciation of property and equipment	3,556	3,521	7,664	6,964
Operating loss	578,299	359,924	2,056,279	745,318
Finance income	(5,140)	(9,326)	(16,890)	(20,932)
Other income (Note 5)	(560)	-	(53,425)	-
Gain (loss) on foreign exchange	(9)	35	(33)	382
Income related to flow-through shares (Note 6)	(15,087)	-	(107,497)	-
Net loss and comprehensive loss	(557,503)	(350,633)	(1,878,434)	(724,768)
Net loss and comprehensive loss attributable to:				
Shareholders of the Company	(551,618)	(331,088)	(1,862,670)	(694,971)
Non-controlling interests	(5,885)	(19,545)	(15,764)	(29,797)
Basic and diluted loss per common share (Note 10)	(0.01)	(0.01)	(0.04)	(0.02)
Weighted average number of common shares – basic and diluted (Note 10)	52,282,272	45,690,111	52,219,991	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 6)	328,571	115,000	-	-	115,000	-	115,000
Share issue expenses on private placement	-	-	-	(4,472)	(4,472)	-	(4,472)
Options exercised	90,000	32,535	(10,035)	-	22,500	-	22,500
Share-based compensation	-	-	136,568	-	136,568	-	136,568
Net loss and comprehensive loss	-	-	-	(1,862,670)	(1,862,670)	(15,764)	(1,878,434)
Balance at June 30, 2020	52,344,580	73,388,739	7,424,475	(79,053,494)	1,759,720	28,732	1,788,452
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	-	-	117,461	-	117,461	-	117,461
Net loss and comprehensive loss	-	-	-	(694,971)	(694,971)	(29,797)	(724,768)
Balance at June 30, 2019	45,690,111	71,042,682	7,166,347	(76,158,716)	2,050,313	57,499	2,107,762

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

Niobay Metals Inc.
Consolidated Statements of Cash Flows

<i>(in Canadian dollars)</i>	Six-month periods ended June 30,	
	2020	2019
	\$	\$
Operating activities		
Net loss	(1,878,434)	(724,768)
Adjustments		
Share-based compensation	136,568	117,461
Depreciation of property and equipment	7,664	6,964
Other income	(53,425)	-
Income related to flow-through shares	(107,497)	-
Foreign exchange (gain) loss	(33)	382
Changes in working capital items		
Sales taxes receivable	(18,409)	(1,314)
Prepaid expenses and deposits	61,038	25,845
Accounts payable and accrued liabilities	62,974	(60,806)
	(1,789,554)	(636,236)
Investing activities		
Additions to property and equipment	(11,481)	(1,166)
Financing activities		
Private placement (Note 6)	115,000	-
Proceeds from the exercise of options	22,500	-
Share issue expenses	(124,472)	-
	13,028	-
Effect of exchange rate changes on cash held in foreign currency	34	(376)
Net change in cash and cash equivalents	(1,787,973)	(637,778)
Cash and cash equivalents, beginning of period	3,265,559	2,291,378
Cash and cash equivalents, end of period	1,477,586	1,653,600
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

June 30, 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 47% 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 unaudited condensed interim 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 unaudited condensed interim consolidated financial statements on August 24, 2020.

2. GOING CONCERN

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, 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 June 30, 2020, the Company had a working capital of \$1,277,356 (\$2,890,010 at December 31, 2019), had an accumulated deficit of \$79,053,494 (an accumulated deficit of \$77,186,352 at December 31, 2019) and incurred a loss of \$1,878,434 for the six-month period ended June 30, 2020 (a loss of \$724,768 for the six-month period ended June 30, 2019). Working capital at June 30, 2020 included cash and cash equivalents of \$1,477,586 (\$3,265,559 at December 31, 2019).

The Company estimates that the working capital available at June 30, 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 six-month period ended June 30, 2020 was marked by the severity of the Coronavirus global pandemic 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 unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 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

	June 30, 2020	December 31, 2019
	\$	\$
Cash	351,330	2,613,956
Cash equivalents	1,126,256	651,603
	1,477,586	3,265,559

Cash equivalents at June 30, 2020 are composed of term deposits bearing a weighted-average interest rate of 1.1% and having various maturity dates until July 2020.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At June 30, 2020, accounts payable and accrued liabilities included payables and accruals of \$385,830 (\$442,856 at December 31, 2019) and a net 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 June 30, 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 six-month period ended June 30, 2020, the Company has recognized \$53,425 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 June 30, 2020, \$9,275 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.

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements
June 30, 2020 (in Canadian dollars)

6. SHARE CAPITAL AND WARRANTS

Issued and fully paid

At June 30, 2020, the Company had 52,344,580 issued and outstanding common shares (51,926,009 issued and outstanding common shares at December 31, 2019).

Issuance of shares

On January 22, 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. In this transaction no value has been attributed to warrants.

Liability related to flow-through shares

	<u>June 30, 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>(107,497)</u>	<u>-</u>
Balance – end of period	<u>34,945</u>	<u>142,442</u>

Share purchase warrants

The following table details the changes in the Company's warrants issued to shareholders:

	Number of Warrants	Price per share (\$)
Balance – January 1, 2019	250,000	0.30
Issued	3,436,800	0.53
Expired	(250,000)	0.30
Balance – December 31, 2019	3,436,800	0.53
Issued	164,285	0.45
Balance – June 30, 2020	3,601,085	0.52

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements
June 30, 2020 (in Canadian dollars)

7. STOCK OPTIONS

The following table summarizes information about the movement of the share options:

	Number	Weighted average exercise price (\$)
Balance – January 1, 2019	2,848,800	0.29
Granted	780,000	0.19
Expired	(340,000)	0.27
Balance – December 31, 2019	3,288,800	0.26
Granted	1,405,000	0.32
Exercised	(90,000)	0.25
Expired	(88,000)	0.46
Balance – June 30, 2020	4,515,800	0.28
Exercisable options – June 30, 2020	2,325,800	0.28

At the grant date the share options are accounted for at their fair value determined by the Black-Scholes option pricing model based on the vesting period and on the following weighted average assumptions:

	Six-month period ended June 30, 2020
Risk-free interest rate	0.66%
Expected life of options	4.2 years
Annualized volatility	100%
Dividend rate	-
Weighted average fair value per option	\$0.21

The annualized volatility was based on historical data for the Company. The fair value of the share options is amortized over the respective vesting period of each tranche of an award.

8. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Wages and consulting	62,500	76,995	284,186	163,053
Drilling	3,034	-	511,357	-
Transportation	-	-	347,505	-
Studies	184,377	16,400	311,399	50,401
Mineral claims	333	16,728	28,523	30,311
Others	4,040	7,193	22,997	17,600
	254,284	117,316	1,505,967	261,365

Niobay Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements
June 30, 2020 (in Canadian dollars)

9. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Wages and fees	87,890	90,571	179,701	174,240
Legal, audit and tax	21,590	44,247	26,099	56,366
Office	19,239	18,727	48,088	37,030
Investor relations and travel	83,145	7,266	126,878	65,643
Reporting issuer costs	14,512	16,899	25,314	26,249
	226,376	177,710	406,080	359,528

10. NET LOSS PER SHARE

The calculation of basic and diluted loss per share for the three and six-month periods ended June 30, 2020 was based on the net loss attributable to common shareholders of \$551,618 and \$1,862,670, respectively (\$331,088 and \$694,971, respectively for the three and six-month periods ended June 30, 2019) and the weighted average number of common shares outstanding of 52,282,272 and 52,219,991, respectively (45,690,111 for the three and six-month periods ended June 30, 2019). Due to the net loss for the three and six-month periods ended June 30, 2020 and 2019, all potentially dilutive common shares (Notes 6 and 7) are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for these periods.

11. RELATED PARTIES

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
			\$	\$
Salaries, professional fees and other short-term benefits	85,000	72,250	164,000	144,500
Share-based compensation	53,500	40,820	87,000	73,520
	138,500	113,070	251,000	218,020

12. COMMITMENTS AND CONTINGENCIES

Flow-through shares

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 June 30, 2020, \$400,000 remains to be incurred by December 31, 2021.

13. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition, exploration and evaluation of mineral properties. At June 30, 2020 and December 31, 2019, all assets are located in Canada.



MANAGEMENT'S DISCUSSION & ANALYSIS

Three-month and six-month periods ended June 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 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 and six-month periods ended June 30, 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 June 30, 2020, and for the three-month and six-month periods ended June 30, 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 August 24, 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 (the "Crevier Project") located in Quebec and ii) a 47% participation in certain mineral titles located in the Chibougamau region, Quebec, under a joint venture agreement with SOQUEM. The Company's common shares are listed on the TSX Venture Exchange under the symbol "NBY".

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. This 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 twelve (12) representative historical drill holes were re-assayed. In May 2017, the Company reported the results of preliminary metallurgical testing conducted by SGS Lakefield ("SGS") in Ontario using core from the historical drilling program. In November 2017, the Company announced an initial Mineral Resource Estimate ("MRE") which estimate was updated in November 2018 (the "2018 MRE") and in July 2020 (the "2020 MRE") as described below under the "Mineral Resource Estimate" heading.

Exploration Permit

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 the Drilling 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.

Drilling 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 and north of section 00. 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 330 metres from surface. Results on the drill holes were disclosed by the Company on a press release dated April 8, 2020 entitled "NioBay intersects 1.02% Nb₂O₅ over 62 metres at James Bay Niobium" and a press release dated May 21, 2020 entitled "NioBay extends high-grade mineralization at James Bay Niobium".

Highlights from the Drill Program 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.
- Hole NBY-20-E4 intersected 0.56% Nb₂O₅ over 169 metres, including 0.75% Nb₂O₅ over 27 metres.
- Hole NBY-20-E5 intersected 0.57% Nb₂O₅ over 246 metres, including 0.69% Nb₂O₅ over 24 metres.
- Hole NBY-20-E6 intersected 0.60% Nb₂O₅ over 128 metres, including 0.79% Nb₂O₅ over 37 metres.
- Hole NBY-20-E7 intersected 0.58% Nb₂O₅ over 207 metres, including 0.67% Nb₂O₅ over 107 metres.

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 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 MRE for its James Bay Niobium Project prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 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 increase to the initial MRE due to a revised tonnage factor. The initial, 2018 and 2020 MREs were prepared by Roscoe Postle Associates Inc. ("RPA"). The effective date of the 2020 MRE is July 9, 2020 and the supporting NI 43-101 technical report will be filed on SEDAR no later than 45 days from this effective date.

Highlights of the 2020 MRE:

Classification	Tonnes (Mt)	Grade (%Nb ₂ O ₅)	Contained Nb ₂ O ₅ (Mkg)
Indicated	29.7	0.53	158
Inferred	33.8	0.52	177

Notes:

1. CIM (2014) Definitions Standards were followed for Mineral Resources.
2. 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%.
3. 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.
4. Bulk density of 2.93 g/cm³ was used.
5. A minimum mining width of approximately 7.5 m was used to build the resource wireframes.
6. Resources situated in a 46 m thick crown pillar have been excluded.
7. The RPA Qualified Persons for the estimate are Dorota El Rassi, P.Eng. and Paul Chamois, P.Geo.

The 2020 MRE is supported by the results from the Drilling Program and the data used to estimate the Mineral Resource includes 86 diamond drill holes totaling 16,320 metres located within the resource model area. The data includes 3,449 assays, of which 64 have a value of zero for Nb₂O₅. The estimate was prepared using a block model constrained with 3-D wireframes of the mineralized zone. The niobium oxide grades were interpolated using ordinary kriging, dynamic anisotropy and two passes. The Drill Program was successful in confirming the extension to the North and at depth of the high-grade zone at the heart of the deposit.

The 2020 MRE incorporates the drilling results noted above, under the "Drill Program Highlights" heading, and demonstrates an increase in contained metal of 13.7% for the Indicated Resources and 37.2% for the Inferred Resources as compared to the 2018 MRE.

Comparison between the 2020 and 2018 Mineral Resource Estimates

	Category	Tonnage (Mt)	Grade (% Nb ₂ O ₅)	Contained Metal (000 t Nb ₂ O ₅)
2018	Indicated	26.1	0.53	139
	Inferred	25.3	0.51	129
2020	Indicated	29.7	0.53	158
	Inferred	33.8	0.52	177
Differences	Indicated	+ 13.8%	0.0%	+ 13.7%
	Inferred	+ 33.6%	2.0%	+ 37.2%

Notes:

1. CIM (2014) Definitions Standards were followed for Mineral Resources.
2. 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%.
3. 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.
4. Bulk density of 2.93 g/cm³ was used.
5. A minimum mining width of approximately 7.5 m was used to build the resource wireframes.
6. Resources situated in a 46 m thick crown pillar have been excluded.
7. The RPA Qualified Persons for the estimate are Dorota El Rassi, P.Eng. and Paul Chamois, P.Geo.

RPA has recommended a second phase of drilling, including 9,000 metres that would focus on upgrading portions of the Inferred Resources to Indicated Resources and extending the Mineral Resources laterally as well as environmental, engineering and metallurgical studies required to support a future feasibility study.

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 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 an amount estimated at \$2,250,000.

In January 2019, 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 and overall recovery. Results were originally expected late in the third quarter of 2020, however COREM had temporarily shut down its operations due to COVID-19, as discussed below under the "Coronavirus (COVID-19)" heading. The Company has yet to resume the test work.

In relation to this work, the Company received a grant of an amount up to \$144,800 from The Quebec Minister of Energy and Natural Resources, as well as a second grant from the Quebec Minister of the Economy and Innovation 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 six-months ended June 30, 2020

On January 22, 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.

On June 4, 2020, the Company granted 905,000 stock options to directors, officers, employees and consultants of the Company. 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 \$0.28.

On June 8, 2020, NioBay Metals announced an investor relations services agreement with Relations Publiques Paradox Inc. and the granting of 400,000 stock options. 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 \$0.40.

FINANCIAL CONDITION

As at June 30, 2020, the Company had a working capital of \$1,277,356, which includes cash and cash equivalents of \$1,477,586.

The Company estimates that the working capital available at June 30, 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 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.

As previously discussed in this MD&A, the Company completed its analysis of the drill results from the Drilling Program in May 2020 and announced the results of the 2020 MRE on the James Bay Niobium Project in July 2020. As the 2020 MRE is complete, G Mining Service Inc. has commenced a Preliminary Economic Assessment ("PEA") on the James Bay Niobium Project. SGS has commenced a series of metallurgical test works on the core samples, the results of which are expected in the third quarter of 2020 and will be incorporated into the PEA. The PEA is expected to be finalized during the last quarter of 2020 and 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. The Company maintains a constant communication with MCFN.

Finally, the Crevier Project's metallurgical testing at COREM were suspended due to COVID-19. The Company is currently reviewing the plan for the timing of resuming the testing. 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:

Six-month period ended June 30, 2020	James Bay	Crevier	Others	Total
	\$	\$	\$	\$
Wages and fees	274,286	9,900	-	284,186
Drilling	511,357	-	-	511,357
Studies	236,128	75,271	-	311,399
Mineral claims	17,225	3,398	7,900	28,523
Transportation	347,505	-	-	347,505
Others	21,947	1,050	-	22,997
Total	1,408,448	89,619	7,900	1,505,967

Six-month period ended June 30, 2019	James Bay	Crevier	Others	Total
	\$	\$	\$	\$
Wages and fees	149,053	9,500	4,500	163,053
Studies	6,233	44,168	-	50,401
Mineral claims	8,032	17,499	4,780	30,311
Others	17,036	564	-	17,600
Total	180,354	71,731	9,280	261,365

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 2nd quarter ended June 30, 2020 ("Q2-2020") compared to the 2nd quarter ended June 30, 2019 ("Q2-2019")

The Company incurred a net loss of \$557,503 during Q2-2020 (\$0.01 per share) compared to a net loss of \$350,633 in Q2-2019 (\$0.01 per share). The net loss attributable to shareholders of the Company totaled \$551,618 in Q2-2020 compared to \$331,088 in Q2-2019.

The operating loss for Q2-2020 was \$578,299 and increased by \$218,375 as compared to Q2-2019. This increase from Q2-2019 is mostly due to the exploration and evaluation expenses incurred related to the Drilling Program and the 2020 MRE at the James Bay Niobium Project. Evaluation and evaluation expenditures totaled \$254,284 in Q2-2020 (\$117,316 in Q2-2019), the details of which can be seen in the tables above.

Management and administration expenses totaled \$226,376 in Q2-2020 (\$177,710 in Q2-2019). The increase between periods is due primarily to the elevated investor relations activities undertaken during Q2-2020. The other costs are consistent between periods. Share-based compensation totaled \$94,083 during Q2-2020 (\$61,377 in Q2-2019). The increase in share-based compensation between periods is due to the increase in stock options granted in the current period.

The Company realized \$5,140 as finance income in Q2-2020 (\$9,326 in Q2-2019). The consistent finance income results from similar liquidities held throughout both periods. Income related to the recognition of the deferred premium on flow-through shares in Q2-2020 amounted to \$15,087 (\$ nil in Q2-2019).

Results for the six-month period ended June 30, 2020 ("YTD-2020") compared to the six-month period ended June 30, 2019 ("YTD-2019")

The Company incurred a net loss of \$1,878,434 during YTD-2020 (\$0.04 per share) compared to a net loss of \$724,768 in YTD-2019 (\$0.02 per share). The net loss attributable to shareholders of the Company totaled \$1,862,670 in YTD-2020 compared to \$694,971 in YTD-2019.

The operating loss for YTD-2020 was \$2,056,279 and increased by \$1,310,961 as compared to YTD-2019. This increase from YTD-2019 is mostly due to the exploration and evaluation expenses incurred related to the Drilling Program and the 2020 MRE at the James Bay Niobium Project. Evaluation and evaluation expenditures totaled \$1,505,967 in YTD-2020 (\$261,365 in YTD-2019), the details of which can be seen in the tables above.

Management and administration expenses totaled \$406,080 in YTD-2020 (\$359,528 in YTD-2019). The increase between periods is due primarily to the elevated investor relations activities undertaken during YTD-2020. The other costs are consistent between periods. Share-based compensation totaled \$136,568 during YTD-2020 (\$117,461 in YTD-2019). The increase in share-based compensation between periods is due to the increase in stock options granted in the current period.

The Company realized \$16,890 as finance income in YTD-2020 (\$20,932 in YTD-2019). The consistent finance income results from similar liquidities held throughout both periods. Other income related to the recognition of the deferred government grants in YTD-2020 amounted to \$53,425 (\$ nil in YTD-2019). Income related to the recognition of the deferred premium on flow-through shares in YTD-2020 amounted to \$107,497 (\$ nil in YTD-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 to shareholders of the Company	Basic and diluted loss per share
	\$	\$	\$	\$
June 30, 2020	5,140	(557,503)	(551,618)	(0.01)
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)

From September 30, 2018 to December 31, 2019, the Company's quarterly net loss was consistent between periods. The increase in net loss during the six-month period ended June 30, 2020 coincide with the Drilling Program as discussed above under the "Drilling Program Highlights" heading.

Liquidity and Capital Resources

The Company's working capital at June 30, 2020 totaled \$1,277,356 compared to a working capital of \$2,890,010 at December 31, 2019.

The Company estimates that the working capital available at June 30, 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 June 30, 2020, the capital of the Company consists of equity attributable to shareholders of the Company of \$1,759,720 (\$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.

Transactions with Related Parties

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
			\$	\$
Salaries, professional fees and other short-term benefits	85,000	72,250	164,000	144,500
Share-based compensation	53,500	40,820	87,000	73,520
	138,500	113,070	251,000	218,020

Off-Balance Sheet Arrangements

As at June 30, 2020, the Company has no off-balance sheet arrangements.

Outstanding Share Data

As at August 24, 2020, the Company has 52,584,580 common shares, 3,601,085 share purchase warrants and 4,275,800 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, planned preliminary economic assessment and planned feasibility study; 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 August 24, 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).