



NioCorp Developments Ltd.
Consolidated Financial Statements
As at June 30, 2015



Management Responsibility Report

The consolidated financial statements, the notes thereto, and other information in management's discussion and analysis of NioCorp Developments Ltd. (the "Company"), are the responsibility of Management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect Management's best estimates, judgments and policies that it believes appropriate in the circumstances.

The Company maintains a system of internal accounting controls which provide on a reasonable basis, assurance that the financial information is relevant, reliable, accurate and that the Company's assets are appropriately accounted for and safeguarded.

The Board of Directors, principally through the Audit Committee, is responsible for ensuring Management fulfills its responsibilities for financial reporting and internal control. The Audit Committee is composed of three independent directors and meets periodically with Management and the external auditors to review accounting, auditing, internal control and financial reporting matters.

The consolidated financial statements have been audited by BDO USA, LLP, Certified Public Accountants, who were appointed by the Board of Directors. The auditor's report outlines the scope of their examination and their opinion on the consolidated financial statements.

(Signed)
Mark A. Smith
President and Chief Executive Officer

(Signed)
Neal S. Shah
Interim Chief Financial Officer

Independent Auditor's Report

Board of Directors
NioCorp Developments Ltd.
Denver, Colorado

We have audited the accompanying consolidated financial statements of NioCorp Developments Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of loss and comprehensive loss, shareholder's equity, and cash flows for each of the three years in the period ended June 30, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NioCorp Developments Ltd. and its subsidiaries as of June 30, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2015, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter Regarding Going Concern

The consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred significant operating losses, a working capital deficit, and negative cash flows from operations in recent years as described in Note 4, Going Concern Issues. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 4.

/S/ BDO USA, LLP

Spokane, Washington
September 25, 2015

NioCorp Developments Ltd.
Consolidated Statements of Financial Position

(expressed in Canadian dollars)

		As of June 30,	
	Note	2015	2014
ASSETS			
Current			
Cash		\$ 939,246	\$ 2,997,287
Receivables		17,005	46,625
Marketable securities		57,001	24,000
Prepaid expenses		72,106	26,885
		<u>1,085,358</u>	<u>3,094,797</u>
Non-current			
Deposits		83,135	67,120
Equipment	6	25,184	34,028
Exploration and evaluation assets	7	<u>35,715,114</u>	<u>14,528,895</u>
		<u>\$ 36,908,791</u>	<u>\$ 17,724,840</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	\$ 5,538,659	\$ 1,179,519
Related party loan	11	1,846,200	-
Flow-through tax liability	10	<u>778,750</u>	<u>778,750</u>
		8,163,609	1,958,269
SHAREHOLDERS' EQUITY			
Capital stock	9	52,578,675	35,685,480
Share-based payment reserve		7,980,727	3,058,819
Deficit		<u>(31,814,220)</u>	<u>(22,977,728)</u>
		<u>28,745,182</u>	<u>15,766,571</u>
		<u>\$ 36,908,791</u>	<u>\$ 17,724,840</u>

Basis of preparation (note 2)

Commitments (note 15)

Subsequent events (note 16)

On behalf of the Board:

"Mark Smith"

Director

"Michael Morris"

Director

The accompanying notes are an integral part of the consolidated financial statements

NioCorp Developments Ltd.
Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

		for the year ended June 30,		
	Note	2015	2014	2013
Operating expenses				
Consulting		\$ 284,413	\$ -	\$ 20,168
Depreciation		11,573	6,716	3,056
Employee related costs		1,116,078	844,510	402,386
Fair value of warrants granted	9d	2,533,480	-	-
Financial fees	9d	215,000	-	-
Finance costs	11	46,155	-	-
Foreign exchange loss		216,728	5,672	2,209
Investor communication		172,925	191,743	59,084
Office and miscellaneous		291,372	220,235	94,963
Professional fees	11	510,840	57,296	40,251
Property costs (reimbursements)		-	24,939	(107,680)
Share-based compensation	9c	2,892,483	407,249	278,063
Transfer agent and regulatory fees		295,930	65,564	41,524
Travel		169,437	103,589	8,160
Writedown of property and assets	15	131,589	-	2,095,315
		<u>8,888,003</u>	<u>1,927,513</u>	<u>2,937,499</u>
Other income		(10,000)	(244,890)	-
Interest income		(8,510)	(2,643)	(222)
Unrealized (gain) loss on marketable securities		<u>(33,001)</u>	<u>36,000</u>	<u>(37,500)</u>
Loss before income taxes		(8,836,492)	(1,715,980)	(2,899,777)
Income tax (benefit) expense	12	<u>-</u>	<u>(44,637)</u>	<u>85,000</u>
Loss and comprehensive loss for the year		<u>\$ (8,836,492)</u>	<u>\$ (1,671,343)</u>	<u>\$ (2,984,777)</u>
Loss per common share, basic and diluted		<u>\$ (0.06)</u>	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>
Weighted average common shares outstanding		<u>136,045,244</u>	<u>101,976,387</u>	<u>88,118,022</u>

The accompanying notes are an integral part of the consolidated financial statements

NioCorp Developments Ltd.
Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	For the year ended June 30,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Total loss for the period	\$ (8,836,492)	\$ (1,671,343)	\$ (2,984,777)
Adjustments for:			
Depreciation	11,573	6,716	3,056
Other income	-	(244,890)	-
Fair value of warrants granted	2,533,480	-	-
Unrealized (gain) loss on available-for-sale investments	(33,001)	36,000	(37,500)
Writedown of property and assets	131,589	-	2,095,315
Foreign exchange gain	(77,856)	(40,899)	-
Share-based compensation	2,892,483	407,249	278,063
	<u>(3,378,224)</u>	<u>(1,507,167)</u>	<u>(645,843)</u>
Change in non-cash working capital items:			
Receivables	29,620	(40,856)	64,786
Prepaid expenses	(45,221)	(17,511)	42,432
Accounts payable and accrued liabilities	(184,798)	(100,826)	103,907
Net cash used in operating activities	<u>(3,578,623)</u>	<u>(1,666,360)</u>	<u>(434,718)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	17,000,516	6,388,018	373,020
Share issue costs	(611,376)	(192,249)	(15,073)
Deferred finance fees	-	-	(36,960)
Related party debt	1,846,200	-	165,000
Repayment of advances from a related party	-	(150,000)	(15,000)
Net cash provided by financing activities	<u>18,235,340</u>	<u>6,045,769</u>	<u>470,987</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposits	(16,015)	(24,825)	16,552
Acquisition of equipment	(31,318)	(33,370)	-
Land payments	(797,241)	(69,519)	-
Deferred exploration costs	(15,948,040)	(1,330,767)	(30,775)
Net cash used in investing activities	<u>(16,792,614)</u>	<u>(1,458,481)</u>	<u>(14,223)</u>
Exchange rate effect on cash	77,856	40,899	-
Change in cash during the period	(2,058,041)	2,961,827	22,046
Cash, beginning of period	2,997,287	35,460	13,414
Cash, end of period	<u>\$ 939,246</u>	<u>\$ 2,997,287</u>	<u>\$ 35,460</u>
Supplemental cash flow information:			
Amounts paid for interest	\$ -	\$ -	\$ -
Amounts paid for income taxes	\$ -	\$ -	\$ -
Mineral property expenditures included in accounts payable	\$ 5,361,327	\$ 920,388	\$ 124,470

The accompanying notes are an integral part of the consolidated financial statements

NioCorp Developments Ltd.
Consolidated Statements of Shareholders' Equity

(expressed in Canadian dollars)

	Note	Shares	Amount	Share-based payment reserve	Deficit	Total
Balance, July 1, 2012		85,955,456	\$ 28,715,251	\$ 2,776,980	\$(18,321,608)	\$ 13,170,623
Private Placement		2,984,160	373,020	-	-	373,020
Share issue costs		-	(21,621)	6,548	-	(15,073)
Shares issued for Red Lake property		400,000	50,000	-	-	50,000
Share-based payments		-	-	278,063	-	278,063
Loss for the year		-	-	-	(2,984,777)	(2,984,777)
Balance, June 30, 2013		89,339,616	29,116,650	3,061,591	(21,306,385)	10,871,856
Private placement - December 2013	12b	6,186,612	955,832	-	-	955,832
Private placement - December 2013	12b	4,837,000	786,929	-	-	786,929
Private placement - March 2014	12b	13,004,060	2,600,812	-	-	2,600,812
Private placement - March 2014	12b	5,856,608	1,171,322	-	-	1,171,322
Issue costs	12b	-	(229,209)	-	-	(229,209)
Exercise of warrants	12d	2,020,820	498,623	-	-	498,623
Exercise of options	12c	1,640,000	374,500	-	-	374,500
Fair value of stock options exercised		-	410,021	(410,021)	-	-
Share-based payments	12c	-	-	407,249	-	407,249
Loss for the year		-	-	-	(1,671,343)	(1,671,343)
Balance, June 30, 2014		122,884,716	35,685,480	3,058,819	(22,977,728)	15,766,571
Private placement - November 2014	12b	19,245,813	10,585,197	-	-	10,585,197
Private placement - March 2015	12b	2,914,000	2,185,500	-	-	2,185,500
Issue costs	12b	-	(830,509)	219,133	-	(611,376)
Exercise of warrants	12d	5,125,805	2,949,569	-	-	2,949,569
Exercise of options	12c	6,250,000	1,280,250	-	-	1,280,250
Fair value of stock options exercised		-	723,188	(723,188)	-	-
Fair value of warrants granted to ThyssenKrupp	12d	-	-	2,102,820	-	2,102,820
Fair value of warrants for financial services agreement	12d	-	-	312,838	-	312,838
Fair value of warrants for sponsorship agreement	12d	-	-	117,822	-	117,822
Share-based payments	12c	-	-	2,892,483	-	2,892,483
Loss for the year		-	-	-	(8,836,492)	(8,836,492)
Balance, June 30, 2015		156,420,334	\$ 52,578,675	\$ 7,980,727	\$(31,814,220)	\$ 28,745,182

The accompanying notes are an integral part of the consolidated financial statements

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

1. CORPORATE INFORMATION

The Company was incorporated on February 27, 1987 under the laws of the Province of British Columbia. The head office and records office of the Company are located at 7000 South Yosemite Street, Suite 115, Englewood, Colorado, 80112. The Company is quoted on the Toronto Stock Exchange ("TSX") under the symbol "NB".

The Company currently operates in one reportable operating segment consisting of exploration and development of mineral deposits in North America. The continued operations of the Company and the recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production.

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on September 25, 2015.

b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

c) Going Concern of Operations

The Company incurred a loss for the year ended June 30, 2015 of \$8,836,492 (2014: \$1,671,343 and 2013: \$2,984,777) and has an accumulated deficit of \$31,814,220 and working capital deficit of \$7,078,251 at June 30, 2015. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. As discussed in Note 4, the Company must generate working capital to fund its operations, and Management is actively pursuing such additional sources of financing. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

d) Reclassification

Certain amounts have been reclassified to conform to current period presentation. These changes had no impact on net loss, accumulated deficit or cash flows as previously reported.

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company, which is the ultimate parent, and the subsidiaries listed in the following table. All intercompany transactions and balances have been eliminated.

	Country of incorporation	Ownership at June 30,	
		2015	2014
0896800 BC Ltd.	Canada	100%	100%
Elk Creek Resources Corp.	USA	100%	100%
Silver Mountain Mines Corp.	USA	100%	100%
Northeast Minerals PTY Ltd.	Australia	100%	100%

b) Cash

Cash includes cash on hand with financial institutions that is subject to an insignificant risk of change in value.

c) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Canadian dollar, which is also the functional currency of the Company and its subsidiaries.

Transactions in foreign currency

Transactions made in a foreign currency are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date and non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Foreign currency gains and losses arising from translation are included in profit or loss.

d) Exploration and Evaluation Assets

Pre-exploration costs are expensed in the year in which they are incurred. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Mineral property acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of mineral property acquisition costs, they are valued at the closing share price on the date of issuance.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the transferee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

e) Equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. The residual value, useful life and depreciation method are evaluated every reporting period and changes to the residual value, estimated useful life or depreciation method resulting from such review are accounted for prospectively. Depreciation is provided for using the declining-balance method at the following rates per annum:

Computer equipment	30%
Furniture and equipment	20%

f) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the statement of loss.

g) Financial Instruments

Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

Fair Value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Such assets are measured at fair value with unrealized gains and losses recognized in profit and loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale ("AFS")

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss.

The Company has classified its financial assets as follows: Cash and marketable securities are classified as fair value through profit or loss. Receivables are classified as loans and receivables.

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. Liabilities in this category include accounts payable and accrued liabilities and related party loan.

h) Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

i) **Income Taxes**

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

j) **Share Capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The fair value of options and warrants is calculated using the Black-Scholes option pricing model ("Black-Scholes"). Option pricing models require the input of highly subjective assumptions, including the expected price volatility, which is based on the expected life of the instrument issued. Changes in these assumptions can materially affect the fair value estimate.

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

Flow-through shares

The Company has issued flow-through common shares to finance portions of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense.

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Diluted earnings per share excludes all dilutive potential common shares if their effect is anti-dilutive.

k) Share-based Payments

The Company grants stock options to directors, officers, employees and other service providers. Option terms and vesting conditions are at the discretion of the Board of Directors. The option exercise price is equal to the closing market price on the TSX on the day preceding the date of grant.

The fair value method of accounting is used for stock-based compensation. Under this method, the cost of stock options and other equity-settled share-based payment arrangements is recorded based on the date of grant estimated fair value of each tranche using the Black-Scholes option pricing model, and charged to earnings over the vesting period. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The impact of the revision to original estimates, if any, are recognized in the statement of loss, with a corresponding adjustment to equity.

All equity-settled share-based payments are reflected in share-based payment reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid. The fair value of share-based compensation awards are calculated using a Black-Scholes pricing model.

l) Standards, Amendments and Interpretations Not Yet Adopted

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after July 1, 2015 or later years. The following standards and interpretations have been issued but are not yet effective:

In July 2014, the IASB completed IFRS 9, Financial Instruments. IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company continues to monitor and assess the impact of this standard.

In May 2014, the International Accounting Standards Board ("IASB") issued IFRS 15, Revenue from Contracts with Customers, which replaces the existing revenue recognition standard. The new standard amends the number of requirements that an entity must consider in recognizing revenue and requires improved disclosures to help readers of financial statements better understand the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. The standard is effective for annual reporting periods beginning on or after January 1, 2017. Early adoption is permitted. The Company continues to monitor and assess the impact of this standard.

4. GOING CONCERN ISSUES

The Company incurred a loss of \$8,836,492 (2014 - \$1,671,343 and 2013: \$2,984,777) for the year ended June 30, 2015, and has an accumulated deficit of \$31,814,220 and working capital deficit of \$7,078,251 as of June 30, 2015. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue operations and fund its expenditures is dependent on Management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

a) Critical Judgments In Applying Accounting Policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Fair Value Measurement

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

The Company measures debt at fair value at inception and amortized cost over the remaining life of the instruments.

Exploration and evaluation expenditures and impairment

The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

b) Key sources of estimation uncertainty:

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the consolidated financial statements.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

6. EQUIPMENT

<u>Equipment</u>	Computer equipment	Furniture and equipment	Total
June 30, 2013	\$ 23,214	\$ 1,264	\$ 24,478
Additions	10,858	22,512	33,370
June 30, 2014	34,072	23,776	57,848
Additions	2,167	29,152	31,319
Disposals	(34,072)	(23,776)	(57,848)
June 30, 2015	<u>\$ 2,167</u>	<u>\$ 29,152</u>	<u>\$ 31,319</u>
 <u>Accumulated depreciation</u>			
June 30, 2013	\$ 16,423	\$ 681	\$ 17,104
Depreciation	3,666	3,050	6,716
June 30, 2014	20,089	3,731	23,820
Depreciation	4,195	7,379	11,574
Disposals	(24,284)	(4,975)	(29,259)
June 30, 2015	<u>\$ -</u>	<u>\$ 6,135</u>	<u>\$ 6,135</u>
Net book value, June 30, 2014	<u>\$ 13,983</u>	<u>\$ 20,045</u>	<u>\$ 34,028</u>
Net book value, June 30, 2015	<u>\$ 2,167</u>	<u>\$ 23,017</u>	<u>\$ 25,184</u>

7. EXPLORATION AND EVALUATION ASSETS

The Company's interest in exploration and evaluation assets relates to the Elk Creek Project, as follows:

	<u>For the year ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Balance, beginning of period	<u>\$ 14,528,895</u>	<u>\$ 12,330,691</u>
Land payments	797,241	69,519
Deferred exploration expenditures:		
Feasibility study and engineering	6,909,437	451,615
Metallurgical	5,283,739	708,414
Drilling	4,827,252	405,808
Field management	1,303,432	69,047
Geologists and field staff	1,038,962	167,591
Core handling, sampling and assay	1,007,586	311,862
Environmental	18,570	14,348
	<u>20,388,978</u>	<u>2,128,685</u>
Balance, end of period	<u>\$ 35,715,114</u>	<u>\$ 14,528,895</u>

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

During the year ended June 30, 2011, the Company completed the acquisition of the Elk Creek property located in Southern Nebraska.

The property interests of Elk Creek consist of a number of prepaid five-year mineral exploration lease agreements, and include a pre-determined buyout for permanent ownership of the mineral rights. Terms of the agreements require no further significant payments until the conclusion of the prepaid lease, at which time the Company may negotiate lease extensions or elect to buyout the mineral rights. Certain agreements also contain provisions to purchase surface rights, and several contain provisions whereby the landowners would retain a 2% NSR. During the year ended June 30, 2015, the Company executed 5-year extensions to all land agreements covering 100% of the mineral resource at the Elk Creek Project.

Additions to exploration and evaluation assets during the year ended June 30, 2014 related to costs associated with initiating an infill drilling program and a metallurgical testwork program. Additions during the year ended June 30, 2015 related to expenditures to complete the infill drilling program, preparation and filing of an updated Canadian National Instrument 43-101 Mineral Resource Statement, the completion of a Preliminary Economic Assessment and initial costs incurred in connection with a feasibility study, as well as land payments and general project management costs.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As of June 30,	
	2015	2014
Accounts payable and accrued liabilities	\$ 5,485,820	\$ 1,039,273
Accounts payable and accrued liabilities to related parties	52,839	4,565
Taxes and penalties payable	-	135,681
	<u>\$ 5,538,659</u>	<u>\$ 1,179,519</u>

9. CAPITAL STOCK

a) Authorized
Unlimited common shares without par value

b) Issuances

Year ended June 30, 2015

In February 2015 the Company announced it had closed a partially brokered and partially non brokered private placement of 2,914,000 special warrants (2015 Warrants") at an issue price of \$0.75 to raise aggregate gross proceeds of \$2,185,500. Each 2015 Warrant is exchangeable at any time after the closing date of the offering into one unit of the Company; each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$1.00 per share until February 27, 2017. The Company filed a prospectus and obtained the required receipt for that prospectus on March 23, 2015 and qualified the distribution of 2,914,000 2015 Warrants which were deemed exercised on March 30, 2015.

The agent, Mackie Research Capital Corporation ("MRCC") received a cash commission equal to 6.5% of the gross proceeds of the brokered portion of the offering being \$137,183 and 182,910 compensation warrants. The broker warrants are exercisable into common shares at a price \$0.85 per share until February 27, 2017.

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

The fair value of the agent warrants of \$98,249 was estimated based on the Black-Scholes pricing model using a risk free interest rate of 1.25%, an expected dividend yield of 0%, a volatility of 100.95%, and an expected life of 2.0 years. Total cash issue costs including agents' commission, legal and filing fees were \$273,211.

In November 2014 the Company announced it had closed a partially brokered and partially non-brokered private placement of 19,245,813 special warrants ("2014 Special Warrants") at an issue price of \$0.55 to raise aggregate gross proceeds of \$10,585,197. Each 2014 Special Warrant is exchangeable at any time after the closing date of the offering into one unit of the Company; each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.65 per share until November 10, 2016. The Company filed a prospectus and obtained the required receipt for that prospectus on January 14, 2015 and qualified the distribution of 19,245,813 2014 Special Warrants which were deemed exercised on January 19, 2015.

The agent, MRCC received a cash commission equal to 6.5% of the gross proceeds of the brokered portion of the offering and 205,304 non-transferable compensation units. The broker warrants are exercisable into units having the same terms as the units issued under the Offering. Each unit entitles the agent to purchase a unit at a price of \$0.55 each. Each unit consists of one common share and one warrant exercisable at a price of \$0.65 per share until November 10, 2016. The fair value of the agent warrants of \$120,884 was estimated based on the Black Scholes pricing model using a risk free interest rate of 1.25%, an expected dividend yield of 0%, a volatility of 108.9%, and an expected life of 2.0 years. Total cash issue costs including agents' commission, legal and filing fees was \$338,165.

Year ended June 30, 2014

In March 2014 the Company completed private placements of 13,004,060 shares at \$0.20 per share for gross proceeds of \$2,600,812 and 5,856,608 shares at \$0.20 per share for gross proceeds of \$1,171,322. The Company incurred costs of \$174,727 towards these private placements.

In December 2013 the Company completed the second and final tranche of a private placement of 4,837,000 shares at US \$0.15 per share for gross proceeds of \$786,929 (USD \$725,550). In October 2013 the Company completed the first tranche of the private placement of 6,186,612 shares at US \$0.15 per share for gross proceeds of \$955,832 (USD \$927,992). The Company incurred costs of \$54,482 towards this private placement of which \$36,960 was paid as at June 30, 2013.

Year ended June 30, 2013

In December 2012 the Company closed a private placement of 2,984,160 units at \$0.125 per unit for total gross proceeds of \$373,020. Each unit consisted of one common share and one transferable share purchase warrant, each warrant entitling the holder to purchase one additional common share for a period of two years at a price of \$0.25 per share. The Company paid a total of \$12,600 in cash and issued 100,800 share purchase warrants to finders for their efforts in finding certain placees. Each finder's warrant was exercisable into one common share of the Company for two years at a price of \$0.125 per share. Subsequent to the closing date, all warrants and finders warrants associated with this private placement were exercised by the holders. The finder's warrants had a total value of \$6,548 which was calculated using the Black-Scholes option pricing model using a risk-free interest rate of 1.25%, an expected life of 2 years, an expected volatility of 93.7% and a dividend rate of 0.00%. Other issue costs amount to \$2,473.

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

c) Stock Options

The Company has a rolling stock option plan (the “Plan”) whereby the Company may grant stock options to executive officers and directors, employees and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value on the date of grant. The Plan provides for the issuance of up to 10% of the Company’s issued common shares as at the date of grant with each stock option having a maximum term of five years. The board of directors has the exclusive power over the granting of options and their vesting provisions.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 1, 2012	6,525,000	\$ 0.40
Granted	3,850,000	0.15
Cancelled/expired	(3,750,000)	0.48
Balance, June 30, 2013	6,625,000	0.20
Granted	2,835,000	0.24
Exercised	(1,640,000)	0.23
Cancelled/expired	(760,000)	0.35
Balance, June 30, 2014	7,060,000	0.19
Granted	7,320,000	0.76
Exercised	(6,250,000)	0.20
Cancelled/expired	(25,000)	0.30
Balance, June 30, 2015	8,105,000	\$ 0.69
Number of options currently exercisable	7,455,000	\$ 0.68

The following table summarizes the information and assumptions used to determine option costs:

	Year ended June 30,		
	2015	2014	2013
Fair value per option granted during the period	\$ 0.43	\$ 0.14	\$ 0.07
Risk-free interest rate	1.25%	1.25%	1.25%
Expected dividend yield	0%	0%	0%
Expected stock price volatility (historical basis)	105.7%	102.9%	96.0%
Expected option life in years	2.15	3.00	3.00

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

The following table summarizes information about stock options outstanding at June 30, 2015:

Exercise price	Number outstanding	Number exercisable	Expiry date
\$ 0.15	250,000	250,000	January 18, 2016
\$ 0.15	300,000	300,000	February 25, 2016
\$ 0.17	185,000	185,000	January 10, 2017
\$ 0.50	500,000	500,000	May 9, 2017
\$ 0.65	50,000	50,000	May 20, 2017
\$ 0.65	1,800,000	1,800,000	July 28, 2017
\$ 0.76	500,000	500,000	September 2, 2017
\$ 0.80	3,870,000	3,870,000	December 22, 2017
\$ 0.80	150,000	-	Jun 4, 2018
\$ 0.94	500,000	-	April 28, 2018
Balance, June 30, 2015	8,105,000	7,455,000	

d) Warrants

Warrant transactions are summarized as follows:

	Warrants	Weighted avg exercise price
Balance, July 1, 2012	16,008,911	\$ 0.36
Granted: Warrants, December financing	3,084,960	0.25
Balance, June 20, 2013	19,093,871	0.36
Exercised	(2,020,820)	0.25
Expired	(16,008,911)	0.36
Balance June 30, 2014	1,064,140	0.25
Granted: Warrants: November financing	19,245,813	0.65
Warrants: March financing	2,914,000	1.00
Agents' warrants: November financing	205,304	0.55
Agents' warrants: November financing	205,304	0.65
Agents' warrants: March financing	182,910	0.85
* Agents' advisory warrants	750,000	0.55
** Agents' sponsorship warrants	250,000	0.60
*** ThyssenKrupp offtake agreement	8,569,000	0.67
Exercised	(5,125,805)	0.35
Expired	-	-
Balance, June 30, 2015	28,260,666	\$ 0.73

* Pursuant to a financial services advisory agreement with MRCC the Company issued to MRCC 750,000 agents' advisory warrants, and paid MRCC a fee of \$190,000. The Company issued 500,000 agents' advisory warrants on December 4, 2014 and 250,000 agents' advisory warrants on January 14, 2015. Each agent's advisory warrant entitles MRCC to purchase a unit of the Company at a price of \$0.55 each, on or before December 4, 2016. Each such unit consists of one Common Share and one warrant exercisable at a price of \$0.65 per share until December 4, 2016.

** Pursuant to a sponsorship agreement between MRCC and the Company in connection with the Company's graduation to the Toronto Stock Exchange, the Company paid MRCC a fee of \$25,000 and issued 250,000 agent's sponsorship warrants entitling MRCC to purchase units of the Company at \$0.60 per unit until January 14, 2017. Each such unit consists of one Common Share and one warrant exercisable at \$0.65 per share until January 14, 2017.

***The Company entered into an offtake agreement with ThyssenKrupp Metallurgical Products GmbH ("ThyssenKrupp") whereby ThyssenKrupp will purchase 50% of future ferroniobium production up to 3,750 metric tons from the Elk Creek property for an initial term of ten years from commencement of commercial production which may be extended by mutual agreement of the parties. The Agreement presupposes the Company obtaining project financing, obtaining all necessary approvals and constructing a mine at Elk Creek. Pursuant to the agreement, the Company has granted ThyssenKrupp a non-transferable warrant to acquire 8,569,000 common shares of the Company at an exercise price of \$0.67 per common share, which expires on December 12, 2015.

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

The fair value of warrants charged to operations were calculated as follows:

<u>Transaction</u>	<u>Risk-free rate</u>	<u>Expected Dividend Yield</u>	<u>Volatility</u>	<u>Expected Life (years)</u>	<u>Fair Value</u>
MRCC Financial Services Advisory Agreement	1.25%	-	107.6%	1.96	\$312,838
MRCC Sponsorship Agreement	1.25%	-	106.2%	2.00	\$117,822
ThyssenKrupp Offtake Agreement	1.25%	-	100.3%	1.00	\$2,102,820

At June 30, 2015 the Company has outstanding exercisable warrants, as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
8,569,000	\$ 0.67	December 12, 2015
15,794,756	0.65	November 10, 2016
750,000	0.55	December 4, 2016
250,000	0.60	January 14, 2017
182,910	0.85	February 27, 2017
2,714,000	1.00	February 27, 2017
<u>28,260,666</u>		

10. FLOW THROUGH LIABILITIES

The Company issued 8,337,000 common shares on a flow-through basis for gross proceeds of \$2,501,100 in November 2010. The Company recorded an initial flow-through premium liability of \$416,850 based on the premium on the flow-through shares issued. The Company completed its required flow through tax filings with the Canada Revenue Agency during the year ended June 30, 2014, and reduced the remaining liability to \$nil by recording \$244,890 as other income for the year then ended.

Pursuant to the flow-through share issuance above, the Company was required to incur eligible flow-through expenditures up to November 2011. The Company was short by approximately \$1,470,000 in meeting this requirement. Under the subscription agreement the Company has an obligation to indemnify the subscriber for any taxes that may arise from the Company failing to meet the flow-through expenditure requirements. As a result the Company has estimated the indemnification liability to be \$778,750. The Company will process any claims received through April 30, 2016 against this accrual, after which the remaining balance will be credited in the statement of loss.

11. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are individuals having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly, and include senior officers and the board of directors.

	<u>Year ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Key management personnel remuneration		
Short-term compensation	\$ 954,350	\$ 642,682
Share based compensation	1,949,425	211,202
Total key management personnel remuneration	<u>\$ 2,903,775</u>	<u>\$ 853,884</u>

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

On June 17, 2015, the Company entered into a one-year loan in the amount of \$1,846,200 (or US\$1,500,000) with Mark A. Smith, Chief Executive Officer and Executive Chairman of NioCorp. The one year term loan bears an interest rate of 10%, is secured by the Company's assets pursuant to a concurrently executed general security agreement, and is subject to both a 2.5% establishment fee and 2.5% prepayment fee. As disclosed in Note 8, as of June 30, 2015, interest and establishment fees payable to Mr. Smith totaled \$52,839 and as of June 30, 2014, the Company had outstanding amounts payable to an officer and director of the Company totaling \$4,565.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	For the year ended June 30,		
	2015	2014	2013
Loss before income taxes	\$ 8,836,492	\$ 1,715,980	\$ 2,899,777
Combined federal and provincial statutory income tax rate	26%	26%	26%
Income tax recovery at statutory tax rates	(2,297,000)	(446,000)	(725,000)
Change in statutory rates and other	(31,000)	(31,637)	-
Non-deductible expenditures and non-taxable revenues	752,000	54,000	75,000
Change in unrecognized deductible temporary differences	1,576,000	379,000	735,000
Current income tax (benefit) expense	-	(44,637)	85,000

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	Expiry Dates	2015	2014
Share issue costs	2035 to 2039	\$ 815,000	\$ 339,000
Non-capital losses	2016 to 2034	14,970,000	8,588,000
Equipment and other tax assets	NA	167,000	103,000
Mineral Properties	NA	3,080,000	2,918,000

Deferred income tax assets are recorded when it is probable that they will be recovered against profits in future periods. Based on this criterion, no net deferred income tax assets have been recorded. There was no change in this assessment for the period ended June 30, 2015.

Tax attributes are subject to review and potential adjustment by tax authorities.

13. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholder's equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its exploration and evaluation assets and to provide sufficient funds for its corporate activities.

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

The Company is in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings to finance its operations. In order to carry out the Company's planned development programs and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, Management has in place a planning and budgeting process.

14. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities. The carrying value of receivables, accounts payable and accrued liabilities approximates their fair values due to their immediate or short-term maturity. Cash and marketable securities are carried at fair value using a level 1 fair value measurement.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its cash with established Canadian and US banking institutions. The Company holds minimal receivables. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash.

b) Currency risk

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As of June 30, 2015 the Company had a net monetary liability position of US\$4,672,000. Each 1% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$47,000.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on Management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

d) Equity market risk

The Company is exposed to equity price risk arising from its dependence on equity financings for working capital.

(expressed in Canadian dollars, unless otherwise stated)

15. COMMITMENTS

Elk Creek Project

The Company currently has an offtake agreement with ThyssenKrupp Metallurgical Products GmbH ("ThyssenKrupp") whereby ThyssenKrupp will purchase, at market rates, approximately 3,750 metric tons, or fifty percent (50%), of the Company's current planned ferroniobium production from the Elk Creek Project for an initial ten-year term, with an option to extend beyond that timeframe. The agreement presupposes the Company obtaining project financing, obtaining all necessary approvals and constructing a mine at the Elk Creek Project. ThyssenKrupp is based in Essen, Germany, and is part of the Business Area Materials Services, a global materials distributor and service provider with 500 branches in 44 countries. The Company appointed ThyssenKrupp as its exclusive sales agent of its production in Europe, with a stated amount to be sold in Germany. Pursuant to the agreement, the Company has granted ThyssenKrupp a non-transferable warrant to acquire 8,569,000 Common Shares of the Company at an exercise price of \$0.67 per Common Share, which expires on December 12, 2015.

On April 28, 2015, the Company announced that it had executed five-year extensions to all of the land agreements covering 100% of the Indicated and Inferred resources at the Elk Creek Project. The agreements are in the form of prepaid options that allow NioCorp the exclusive right to conduct mineral exploration activities on the subject properties over a five-year term. At any time during the five-year term, the Company can exercise an option to purchase the mineral rights and in some cases the surface rights for a price determined in accordance with the terms of the agreement. All of the surface and mineral rights in the vicinity of the Elk Creek Project are owned by private entities, and none of the land is owned by federal or state governments.

Other Exploration Properties

The Company owns the Archie Lake property located near Uranium City, Saskatchewan. The property is subject to a 2% Net Smelter Royalty ("NSR"), of which one half (1%) may be purchased back for \$1,000,000. During the year ended June 30, 2013, the Company wrote off deferred exploration costs of \$2,045,315 as no further exploration work was contemplated. In October 2014, the Company entered into an options agreement with Alberta Star Development Corp. Under the terms of the Option Agreement, Alberta Star will have the right to earn up to a 60% interest in the Property, which comprises one mineral claim totaling 2,108 hectares, by completing a total of \$1,750,000 in qualifying work on the Property prior to October 20, 2017. The expenditures include completion of a minimum of \$250,000 in work prior to October 20, 2015, a further \$500,000 on or before October 20, 2016, and a further \$1,000,000 on or before October 20, 2017.

The Company held an option to acquire a 100% interest in certain claim units located in the Kenora Mining Division, Ontario, referred to as the Tait Lake property, and had previously written the exploration asset down to \$nil. In April 2015, the Company sold the Tait Lake option for a cash payment of \$10,000.

Other

On May 29, 2015, Company announced that corporate headquarters were relocated from Vancouver, BC Canada to Denver, Colorado USA, where its senior management team is based. In connection with this move, the Company accrued \$131,589 as of June 30, 2015 for estimated restructuring expenses.

NioCorp Developments Ltd.
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(expressed in Canadian dollars, unless otherwise stated)

NioCorp has the following land, office, facility and equipment lease commitments in place as of June 30, 2015:

	Total	Payments due by period			
		Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Operating Leases	\$ 651,628	\$ 249,803	\$ 329,623	\$ 72,202	\$ -

16. SUBSEQUENT EVENTS

On July 1, 2015, the Company entered into a non-revolving credit facility agreement in the amount of US\$2.0 million with Mark Smith, Chief Executive Officer and Executive Chairman, and completed a drawdown of US\$0.5 million on that day. These funds will contribute to the continued work necessary to keep the Elk Creek Niobium Project on its original timeline for completion of the Company's Feasibility Study. Each draw on the credit facility made by the Company will be secured and evidenced by a promissory note in favor of Mr. Smith. The credit facility will bear an interest rate of 10%, is secured by the Company's assets pursuant to a general security agreement, and is subject to both a 2.5% establishment fee and 2.5% prepayment fee. The amounts outstanding under the credit facility will become due June 17, 2016.

The Company, through its wholly-owned subsidiary, Northeast Minerals, held exploration rights for the Jungle Well and Laverton projects in Australia (the "Exploration Rights"). On July 2, 2015, the Company entered into an agreement to sell its investment in Northeast Minerals to a third party. Assets of Northeast Minerals included the Explorations Rights, with a nil book value, and 3,750,000 shares of Victory Mines Limited ("Victory"), an Australian public entity. The book value of the Victory shares was written down to \$1 at June 30, 2015 to reflect the estimated market value. No other gain or loss is anticipated related to the sale of Northeast Minerals.

On September 15, 2015, the Company announced that it will conduct a non-brokered private placement of unsecured convertible promissory notes (the "Notes"), for gross proceeds of up to USD\$750,000 (the "Private Placement"). The Notes will bear interest at a rate of 8%, payable annually in arrears, are non-transferable and have a term of three years from the date of issue. Principal under the Notes is convertible by lenders into, and payable by the Company in, common shares of the Company at a conversion price of CAD\$0.97 per common share, calculated on conversion or repayment using the then-current Bank of Canada noon exchange rate. Accrued but unpaid interest on the Notes will be convertible by lender into, and payable by the Company in, common shares at a price per common share equal to the most recent closing price of the Company's common shares prior to the delivery to the Company of a request to convert interest, or the annual due date of interest, as applicable, calculated using the then-current Bank of Canada noon exchange rate. The Private Placement was subsequently increased to US\$775,000 on September 23, 2015.