NioCorp Developments Ltd.
Unaudited Condensed Consolidated Interim Financial Statements
As at December 31, 2015

NioCorp Developments Ltd.

Consolidated Statements of Financial Position (unaudited)

(expressed in Canadian dollars)

	Note	As of December 31, 2015	June 30, 2015
ASSETS			
Current			
Cash		$ 3,312,067	$ 939,246
Receivables		3,208	17,005
Marketable securities		64,500	57,001
Prepaid expenses		23,749	72,106
		3,403,524	1,085,358
Non-current			
Deposits		86,774	83,135
Equipment		22,981	25,184
Exploration and evaluation assets	5	43,780,667	35,715,114
		$ 47,293,946	$ 36,908,791
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6	$ 1,766,206	$ 5,538,659
Related party loan	7	2,906,400	1,846,200
Flow-through tax liability		778,750	778,750
		5,451,356	8,163,609
Convertible debt	7	5,591,662	-
Total Liabilities		11,043,018	8,163,609
SHAREHOLDERS' EQUITY			
Capital stock	8	57,032,971	52,578,675
Share-based payment reserve		8,814,758	7,980,727
Accumulated other comprehensive income		4,385,291	-
Deficit		(33,982,092)	(31,814,220)
		36,250,928	28,745,182
		$ 47,293,946	$ 36,908,791

Basis of preparation (Note 2)

Subsequent events (Note 13)

On behalf of the Board:

"Mark Smith"
Director

"Michael Morris"
Director

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

NioCorp Developments Ltd.

Consolidated Statements of Loss and Comprehensive Income (Loss)(unaudited)

(expressed in Canadian dollars)

	Note	for the three months ended December 31, **2015**	for the three months ended December 31, 2014	for the six months ended December 31, **2015**	for the six months ended December 31, 2014
Operating expenses					
Consulting		90,443	$ 668	$ 174,759	$ 668
Depreciation		2,927	2,299	5,841	4,666
Employee related costs		326,551	171,118	694,083	353,916
Fair value of warrants granted		-	2,258,023	-	2,258,023
Financial fees		79,334	118,000	215,281	118,000
Finance costs	7	151,250	-	167,600	-
Foreign exchange (gain) loss		46,215	26,281	242,098	17,046
Investor communication		59,270	37,512	75,884	71,897
Office and miscellaneous		73,897	43,734	162,066	121,878
Professional fees		118,729	81,059	162,406	85,998
Share-based compensation		54,047	1,627,339	129,027	2,803,760
Transfer agent and regulatory fees		8,399	23,660	39,907	32,054
Travel		49,018	51,158	72,552	87,618
		1,060,080	4,440,851	2,141,504	5,955,524
Change in option conversion component valuation	7	(169,409)	-	(207,212)	-
Interest expense	7	171,495	-	241,277	-
Interest income		(66)	(2,034)	(198)	(4,673)
Unrealized gain on marketable securities		-	(2,250)	(7,499)	(2,250)
Loss before income taxes		(1,062,100)	(4,436,567)	(2,167,872)	(5,948,601)
Income tax expense		-	-	-	-
Loss for the period		(1,062,100)	$ (4,436,567)	$ (2,167,872)	$ (5,948,601)
Other comprehensive income (loss):					
Net loss		$ (1,062,100)	$ (4,436,567)	$ (2,167,872)	$ (5,948,601)
Other comprehensive income:					
Exchange differences on translation of foreign operations		872,867	-	4,385,291	-
Total comprehensive income (loss)		$ (189,233)	$ (4,436,567)	$ 2,217,419	$ (5,948,601)
Loss per common share, basic and diluted		$ -	$ (0.04)	$ (0.01)	$ (0.05)
Weighted average common shares outstanding		158,287,652	124,048,635	157,943,346	124,993,856

NioCorp Developments Ltd.

Consolidated Statements of Cash Flows (unaudited)

(expressed in Canadian dollars)

	for the six months ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Total loss for the period	$ (2,167,872)	$ (5,948,601)
Adjustments for:		
Depreciation	5,841	4,666
Change in option conversion component valuation	(207,212)	-
Fair value of warrants granted	-	2,258,023
Unrealized (gain) loss on available-for-sale investments	(7,499)	(2,250)
Accretion of convertible debt	103,996	-
Foreign exchange loss	326,055	-
Share-based compensation	129,027	2,803,760
	(1,817,664)	(884,402)
Change in non-cash working capital items:		
Receivables	13,797	(101,478)
Prepaid expenses	52,467	(9,400)
Accounts payable and accrued liabilities	179,542	(16,768)
Net cash used in operating activities	(1,571,858)	(1,012,048)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits	-	13,869
Acquisition of equipment	(3,213)	(12,269)
Land payments	(21,587)	(330,291)
Deferred exploration costs	(7,516,000)	(9,157,486)
Net cash used in investing activities	(7,540,800)	(9,486,177)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	1,178,933	11,009,215
Share issue costs	-	(338,165)
Common share subscriptions received	3,242,131	-
Issuance of convertible debt, net of issuance costs	6,416,360	-
Issuance of related party debt	750,900	-
Net cash provided by financing activities	11,588,324	10,671,050
Exchange rate effect on cash	(102,845)	-
Change in cash during the period	2,372,821	172,825
Cash, beginning of period	939,246	2,997,287
Cash, end of period	$ 3,312,067	$ 3,170,112
Supplemental cash flow information:		
Amounts paid for interest	$ -	$ -
Amounts paid for income taxes	$ -	$ -
Mineral property expenditures included in accounts payable	$ 1,073,250	$ 5,361,327

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

NioCorp Developments Ltd.

Consolidated Statements of Shareholders' Equity (unaudited)

(expressed in Canadian dollars)

	Note	Shares	Amount	Share subscriptions	Share-based payment reserve	Accumulated other comprehensive income	Deficit	Total
Balance, June 30, 2014		122,884,716	$ 35,685,480	$ -	$ 3,058,819	$ -	$ (22,977,728)	$ 15,766,571
Private placement - November 2014		19,245,813	10,585,197	-	-	-	-	10,585,197
Private placement - March 2015		2,914,000	2,185,500	-	-	-	-	2,185,500
Issue costs		-	(830,509)	-	219,133	-	-	(611,376)
Exercise of warrants		5,125,805	2,949,569	-	-	-	-	2,949,569
Exercise of options		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		-	-	-	2,102,820	-	-	2,102,820
Fair value of warrants for financial services agreement		-	-	-	312,838	-	-	312,838
Fair value of warrants for sponsorship agreement		-	-	-	117,822	-	-	117,822
Share-based payments		-	-	-	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
Exercise of warrants	8c	1,682,318	1,123,483	-	-	-	-	1,123,483
Exercise of options	8b	185,000	55,450	-	-	-	-	55,450
Fair value of Lind Warrants granted	7	-	-	-	738,236	-	-	738,236
Common share subscriptions received	8d	-	-	3,242,131	-	-	-	3,242,131
Fair value of stock options exercised		-	33,232	-	(33,232)	-	-	-
Share-based payments		-	-	-	129,027	-	-	129,027
Comprehensive income		-	-	-	-	4,385,291	(2,167,872)	2,217,419
Balance, December 31, 2015		158,287,652	$ 53,790,840	$3,242,131	$ 8,814,758	$ 4,385,291	$ (33,982,092)	$ 36,250,928

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

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 AND CHANGES TO ACCOUNTING POLICIES

These condensed consolidated interim financial statements for the three- and six-month periods ended December 31, 2015 have been prepared in accordance with IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The results of the interim period are not reflective of full year results.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended June 30, 2015, except as noted below. Certain reclassifications have been made to prior year balances in order to conform to the current year's presentation. There was no impact on net loss, total shareholders' equity, or statement of cash flows from those previously reported.

Change in functional currency
Effective July 1, 2015, the Corporation changed the functional currency for Elk Creek Resources Corp., a wholly-owned subsidiary, from the Canadian Dollar to the U.S. Dollar. This change was made as a greater percentage of expenditures for technical and administrative services, and raised financings are denominated in U.S. Dollars. No other entities in the Group were affected by this change in functional currency. This change in judgement has been accounted for prospectively in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

These condensed consolidated interim financial statements were authorized for issue by the Audit Committee on February 15, 2016.

3. GOING CONCERN ISSUES

The Company incurred a loss of $2,167,872 (2014 - $5,948,601) for the six months ended December 31, 2015, and has an accumulated deficit of $33,982,092 and working capital deficit of $2,047,832 as of December 31, 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.

4. 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 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

(expressed in Canadian dollars, unless otherwise stated)

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. Based on this criterion, no net deferred income tax assets have been recorded. There was no change in this assessment for the period ended December 31, 2015.

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 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 8.

5. EXPLORATION AND EVALUATION ASSETS

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

	Expenditures
Balance, June 30, 2015	$ 35,715,114
Land payments	$ 16,165
Deferred exploration expenditures:	
Feasibility study and engineering	2,071,003
Drilling	253,496
Field management and other	220,108
Geologists and field staff	296,397
Metallurgical	118,675
Functional currency conversion impacts	5,089,709
	8,049,388
Balance, December 31, 2015	$ 43,780,667

Additions to exploration and evaluation assets during the six-month period ended December 31, 2015 related to ongoing costs incurred in connection with a feasibility study, as well as land payments and general project management costs. Functional currency conversion impacts reflect the change in functional currency noted above in Note 2.

(expressed in Canadian dollars, unless otherwise stated)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2015	June 30, 2015
Accounts payable and accrued liabilities	$ 1,214,489	$ 5,485,820
Accounts payable and accrued liabilities to related parties	551,717	52,839
	$ 1,766,206	$ 5,538,659

7. CONVERTIBLE DEBT

	December 31, 2015	June 30, 2015
Convertible Notes	$ 910,478	$ -
Convertible Security	4,681,184	-
	$ 5,591,662	$ -

Convertible Notes

The Company completed a non-brokered private placement of unsecured convertible promissory notes (the "Notes"), for gross proceeds of $1.1million (US$800,000) (the "Private Placement") in October 2015. The Notes bear interest at a rate of 8%, payable quarterly 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 at any time into, and payable by the Company in, common shares of the Company at a conversion price of $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 due date of interest, as applicable, calculated using the then-current Bank of Canada noon exchange rate. Interest, when due, is payable either in cash or Shares, at the election of the Company.

The Notes are classified as a compound financial instrument for accounting purposes. Because the Notes are denominated in a currency that is different from the Company's functional currency, both the liability and conversion components are carried as borrowings. The conversion component is initially valued at fair value based on generally accepted valuation techniques with the remaining value ascribed to the liability component. The fair value of the conversion option was determined using the Black-Scholes option pricing model assuming no expected dividends, a volatility of the Company's share price of 104%, a risk-free interest rate of 1.25%, and an expected life of three years.

Subsequent to initial recognition, the liability component of the Notes is measured at amortized cost using the effective interest method, and is adjusted for changes in foreign exchange rates. The conversion component of the Notes is re-measured to fair value at each reporting period using the period end foreign exchange rate and changes in value are recognized as other income or other expense, as appropriate.

The following table discloses the Canadian dollar and U.S. dollar values associated with this transaction on the closing date:

	CAD$	USD$
Face value of Notes on closing	$ 1,063,307	$ 800,000
Transaction costs	(34,262)	(25,777)
Net proceeds	$ 1,029,045	$ 774,223
Conversion component	478,809	360,241
Liability component	550,236	413,982

The Company incurred transaction costs of $62,328, of which $28,066 was deemed applicable to the option conversion component and expensed. The remaining transaction costs of $34,262 have been added to the carrying amount of the financial liability and are amortized as part of the effective interest rate.

Changes in the Notes balance are comprised of the following:

Notes, balance on closing	$ 1,029,045
Accreted interest	51,282
Change in conversion component valuation	(207,213)
Foreign exchange	37,364
Balance, December 31, 2015	$ 910,478

Lind Partners Convertible Security Funding

On December 22, 2015, the Company closed a definitive convertible security funding agreement (the "Lind Agreement") with Lind Asset Management IV, LLC (“Lind”). The Lind Agreement is comprised of a US$4,500,000 principal amount 10% secured convertible security (the “Convertible Security”) and 3,125,000 transferable common share purchase warrants (the “Lind Warrants”). The Convertible Security has a term of two years from its date of issuance, and interest is prepaid and added to its principal amount; accordingly, the initial face value of the Convertible Security is US$5,400,000, and the yield of the Convertible Security (if held, unconverted, to maturity) will be 10% per annum, or US$900,000. Each Lind Warrant will entitle the holder to purchase one additional common share (a “Lind Warrant Share”) at a price of $0.72 on or before December 22, 2018. Through December 31, 2015, an initial US$4.0 million was funded pursuant to the Convertible Security, with an additional US$0.5 million received as of January 20, 2016. Lind can increase the funding under the Convertible Security by an additional US$1.0 million during its two-year term. Further, provided certain conditions are met, the Company will have the right to call an additional US$1.0 million under the funding agreement.

The Convertible Security is convertible into common shares of the Company at a conversion price equal to 85% of the volume weighted average trading price of the common shares (in Canadian dollars) for the five consecutive trading days immediately prior to the date on which the Investor provides the Company with notice of its intention to convert an amount of the Convertible Security from time to time. The issuance of the Convertible Security and the Lind Warrants was completed on a non-brokered private placement basis.

The Convertible Security is classified as a compound financial instrument for accounting purposes. Because the Convertible Security is denominated in a currency that is different from the Company’s functional currency, both the liability and conversion components are carried as borrowings. Since the Convertible Security includes warrants and multiple call/conversion options which are embedded derivatives, the difference between the cash proceeds received and the fair value of the Convertible Security including the embedded derivatives was ascribed to the Lind Warrants. The fair value of the embedded derivatives was separately determined and the residual was ascribed to the host debt instrument (the liability component). Subsequent to initial recognition, the liability component of the Notes is measured at amortized cost using the effective interest method, and is adjusted for changes in foreign exchange rates. The embedded derivatives of the Convertible Security are re-measured to fair value at each reporting period using the period end foreign exchange rate and changes in value are recognized as other income or other expense, as appropriate. At December, 31, 2015, the fair value of the embedded derivatives approximates the fair value at closing.

(expressed in Canadian dollars, unless otherwise stated)

The following table discloses the Canadian dollar and U.S. dollar values associated with this transaction on the closing date:

	CAD$	USD$
Face value on closing	$ 5,562,700	$ 4,000,000
Fair value of Lind Warrant	(738,236)	(530,000)
Fair value ascribed to Convertible Security	4,824,464	3,470,000
Conversion component	2,616,717	1,885,000
Liability component	2,207,747	1,585,000
Allocated closing costs	(175,386)	(125,914)
Convertible Security, at closing date	$ 4,649,078	$ 3,344,086

The Company incurred transaction costs of $291,493 including a 3% closing fee paid to Lind ($188,042, or US$135,000) and $103,901 of third party costs. Of this amount, $116,556 was deemed applicable to the option conversion component and recorded to finance costs in the statement of loss. The remaining transaction costs of $175,386 were added to the carrying amount of the financial liability and are amortized as part of the effective interest rate. Prepaid interest associated with the Convertible Security has been capitalized and is being amortized over the loan period.

Changes in the Convertible Security balance are comprised of the following:

Convertible Security, balance at closing	$ 4,649,078
Accreted interest	52,715
Foreign exchange	(20,609)
Balance, December 31, 2015	$ 4,681,184

The Convertible Security contains financial and non-financial covenants customary for a facility of this size and nature, and includes a financial covenant defining an event of default as all present and future liabilities of the Company or any of its subsidiaries, exclusive of the Smith Loans, for an amount or amounts exceeding $2.0 million, and which have not been satisfied on time or within 90 days of invoice, or have become prematurely payable as a result of its default or breach. This covenant becomes effective after February 1, 2016.

8. CAPITAL STOCK

a) Authorized
Unlimited common shares without par value

b) 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.

(expressed in Canadian dollars, unless otherwise stated)

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, June 30, 2015	8,105,000	$	0.69
Exercised	(185,000)		0.30
Cancelled/expired	(200,000)		0.80
Balance, December 31, 2015	7,720,000		0.70
Number of options currently exercisable	7,470,000	$	0.69

The following table summarizes information about stock options outstanding at December 31, 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	50,000	50,000	January 10, 2017
$ 0.50	500,000	500,000	May 9, 2017
$ 0.65	50,000	50,000	May 20, 2017
$ 0.65	1,750,000	1,750,000	July 28, 2017
$ 0.76	500,000	500,000	September 2, 2017
$ 0.80	3,820,000	3,820,000	December 22, 2017
$ 0.94	500,000	250,000	April 28, 2018
Balance, December 31, 2015	7,720,000	7,470,000	

c) Warrants

Warrant transactions are summarized as follows:

	Warrants		Weighted avg exercise price
Balance, June 30, 2015	28,260,666	$	0.73
Granted	3,125,000	$	0.72
Exercised	(1,682,318)		0.67
Expired	(7,068,500)		0.67
Balance December 31, 2015	22,634,848	$	0.70

At December 31, 2015 the Company has outstanding exercisable warrants, as follows:

Number	Exercise Price		Expiry Date
15,612,938	$	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
3,125,000		0.72	December 22, 2018
22,634,848			

(expressed in Canadian dollars, unless otherwise stated)

d) Stock Subscriptions
On December 15, 2015, the Company announced that it would conduct a private placement of up to 9 million units (each a "Unit") of the Company at a price of $0.57 per Unit to raise gross proceeds of up to $5.13 million (the "December Private Placement"). Through December 31, 2015, the Company received gross subscription proceeds of $3.24 million. The December Private Placement closed on January 16, 2016 as described in Note 13.

9. 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.

10. 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.

	Six months ended December 31,	
Key management personnel remuneration	**2015**	2014
Short-term compensation	$ 539,677	$ 464,100
Share based compensation	-	2,297,490
Total key management personnel remuneration	$ 539,677	$ 2,761,590

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.

On July 1, 2015, the Company entered into a non-revolving credit facility agreement (collectively, with the loan above, the "Smith Loans") in the amount of US$2.0 million with Mark Smith and completed a drawdown of $617,800 (or US$500,000) on that day. 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 bears 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. An additional $133,600 (or US$100,000) was drawn under the credit facility on December 2, 2015.

As of December 31, 2015, interest and establishment fees payable to Mr. Smith totaled $222,770 (or US$160,961).

Subsequent to December 31, 2015, portions of the Smith Loans were repaid, as further discussed in Note 13.

11. 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.

The Company is in the exploration stage and 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.

12. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities, convertible notes, and related party loans. The carrying value of receivables, accounts payable and accrued liabilities, and related party loans 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. The liability component of convertible notes is measured at amortized cost using the effective interest method, and is adjusted for changes in foreign exchange rates. The conversion component of convertible notes is re-measured to fair value at each reporting period using the period end foreign exchange rate.

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 December 31, 2015 the Company had a net monetary liability position of US$5.7 million. Each 1% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $79,000.

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.

13. SUBSEQUENT EVENTS

a) *The December Private Placement*
On January 19, 2016, the Company announced the closing of the December Private Placement on an oversubscribed basis and issued 9,074,835 Units of the Company at a price of $0.57 per Unit, which raised total gross proceeds of $5.24 million, of which $3.24 million was received as of December 31, 2015, as discussed in Note 8. Each Unit consists of one common share of the Company and one transferable common share purchase warrant (a "Warrant"). Each Warrant is exercisable to acquire one additional common share of the Company for a period of 3 years at a price of $0.75 per common share. In addition, the Company issued 75,450 broker warrants at closing, under the same terms as a Warrant.

b) *Convertible Security*
Under the terms of the Convertible Security, an additional $0.7 million (or US$0.5 million) was received by the Company as of January 19, 2016. This amount represents the remaining amounts due under the first closing of the agreement.

c) *Smith Loans Repayment*
With the receipt of additional funding proceeds from the December Private Placement and Convertible Security, on January 13, 2016, the Company repaid $1.5 million (or US$1.1 million) of the outstanding Smith Loans.