



NIOCORP DEVELOPMENTS LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at March 31, 2016

NioCorp Developments Ltd.**Consolidated Statements of Financial Position (unaudited)**

(expressed in Canadian dollars)

		As of	
	Note	March 31, 2016	June 30, 2015
ASSETS			
Current			
Cash		\$ 2,785,283	\$ 939,246
Receivables		6,322	17,005
Marketable securities		39,000	57,001
Prepaid expenses		182,354	72,106
		<u>3,012,959</u>	<u>1,085,358</u>
Non-current			
Deposits		84,167	83,135
Equipment		21,911	25,184
Exploration and evaluation assets	5	<u>42,234,153</u>	<u>35,715,114</u>
		<u>\$ 45,353,190</u>	<u>\$ 36,908,791</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6	\$ 549,052	\$ 5,538,659
Related party loan	10	1,332,358	1,846,200
Flow-through tax liability	9	<u>778,750</u>	<u>778,750</u>
		<u>2,660,160</u>	<u>8,163,609</u>
Convertible debt	7	<u>8,045,419</u>	<u>-</u>
Total Liabilities		<u>10,705,579</u>	<u>8,163,609</u>
SHAREHOLDERS' EQUITY			
Capital stock	8	60,424,970	52,578,675
Share-based payment reserve		8,634,390	7,980,727
Accumulated other comprehensive income		2,067,380	-
Deficit		<u>(36,479,129)</u>	<u>(31,814,220)</u>
		<u>34,647,611</u>	<u>28,745,182</u>
		<u>\$ 45,353,190</u>	<u>\$ 36,908,791</u>
Basis of preparation (Note 2)			
Commitments (Note 13)			
Subsequent events (Note 14)			

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 Loss (unaudited)

(expressed in Canadian dollars)

		for the three months ended March 31,		for the nine months ended March 31,	
	Note	2016	2015	2016	2015
Operating expenses					
Consulting		36,750	3,690	\$ 211,509	\$ 4,358
Depreciation		2,924	3,424	8,765	8,090
Employee related costs		387,672	296,704	1,081,755	650,620
Fair value of warrants granted		-	275,457	-	2,533,480
Financial fees		119,826	77,000	335,107	195,000
Finance costs	7	86,370	-	253,970	-
Foreign exchange (gain) loss		(815,592)	10,878	(573,494)	27,924
Investor communication		62,717	21,124	138,601	93,021
Office and miscellaneous		133,471	126,541	295,537	248,419
Professional fees		203,481	159,777	365,887	245,775
Share-based compensation		620,260	-	749,287	2,803,760
Transfer agent and regulatory fees		59,780	233,445	99,687	265,499
Travel		41,475	61,618	114,027	149,236
		939,134	1,269,658	3,080,638	7,225,182
Change in option conversion component valuation	7	1,008,722	-	801,510	-
Interest expense	7	523,681	-	764,958	-
Interest income		-	(2,691)	(198)	(7,364)
Unrealized gain (loss) on marketable securities		25,500	5,250	18,001	3,000
Loss before income taxes		(2,497,037)	(1,272,217)	(4,664,909)	(7,220,818)
Income tax expense		-	-	-	-
Loss for the period		(2,497,037)	\$ (1,272,217)	\$ (4,664,909)	\$ (7,220,818)
Other comprehensive loss:					
Net loss		\$ (2,497,037)	\$ (1,272,217)	\$ (4,664,909)	\$ (7,220,818)
Other comprehensive income:					
Exchange differences on translation of foreign operations		(2,317,911)	-	2,067,380	-
Total comprehensive loss		\$ (4,814,948)	\$ (1,272,217)	\$ (2,597,529)	\$ (7,220,818)
Loss per common share, basic and diluted		\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.06)
Weighted average common shares outstanding		161,140,606	142,022,107	167,605,398	129,923,593

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

NioCorp Developments Ltd.**Consolidated Statements of Cash Flows (unaudited)**

(expressed in Canadian dollars)

	for the nine months ended March 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Total loss for the period	\$ (4,664,909)	\$ (7,220,818)
Adjustments for:		
Depreciation	8,765	8,090
Change in option conversion component valuation	801,510	-
Fair value of warrants granted	-	2,533,480
Unrealized (gain) loss on available-for-sale investments	18,001	3,000
Accretion of convertible debt	570,125	-
Foreign exchange gain	(235,553)	-
Share-based compensation	749,287	2,803,760
	(2,752,774)	(1,872,488)
Change in non-cash working capital items:		
Receivables	10,683	10,487
Prepaid expenses	(107,433)	(36,571)
Accounts payable and accrued liabilities	(66,726)	137,311
Net cash used in operating activities	(2,916,250)	(1,761,261)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits	-	1,324
Acquisition of equipment	(4,978)	(25,822)
Land payments	(176,488)	(465,965)
Deferred exploration costs	(8,983,814)	(12,848,322)
Net cash used in investing activities	(9,165,280)	(13,338,785)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	7,878,387	15,134,519
Share issue costs	(127,716)	(591,701)
Issuance of convertible debt, net of issuance costs	7,206,946	-
Related party debt draws	751,100	-
Related party debt repayment	(1,562,550)	-
Warrant subscriptions received	-	41,364
Net cash provided by financing activities	14,146,167	14,584,182
Exchange rate effect on cash	(218,600)	-
Change in cash during the period	1,846,037	(515,864)
Cash, beginning of period	939,246	2,997,287
Cash, end of period	\$ 2,785,283	\$ 2,481,423
Supplemental cash flow information:		
Amounts paid for interest	\$ 138,090	\$ -
Amounts paid for income taxes	\$ -	\$ -
Mineral property expenditures included in accounts payable	\$ 364,323	\$ 2,255,004

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-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	3,885,518	2,468,096	-	-	-	2,468,096
Exercise of options	8b	915,000	211,450	-	-	-	211,450
Fair value of broker warrants granted	8c	-	-	21,126	-	-	21,126
Private placement shares issued	8c	9,074,835	5,225,521	-	-	-	5,225,521
Share issuance costs		-	(175,522)	-	-	-	(175,522)
Fair value of stock options exercised		-	116,750	(116,750)	-	-	-
Share-based payments		-	-	749,287	-	-	749,287
Comprehensive income		-	-	-	2,067,380	(4,664,909)	(2,597,529)
Balance, March 31, 2016		170,295,687	60,424,970	\$ 8,634,390	\$ 2,067,380	\$ (36,479,129)	\$ 34,647,611

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

NioCorp Developments Ltd.

Notes to Consolidated Financial Statements (unaudited)

March 31, 2016

(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, Centennial, 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 nine-month periods ended March 31, 2016 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 judgment 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 May 16, 2016.

3. GOING CONCERN ISSUES

The Company incurred a loss of \$4,664,909 (2015 - \$7,220,818) for the nine months ended March 31, 2016, and has an accumulated deficit of \$36,479,129 as of March 31, 2016. 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. Embedded derivatives within debt instruments are reported at fair value at each reporting period.

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

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(expressed in Canadian dollars, unless otherwise stated)

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. Based on this criterion, no net deferred income tax assets have been recorded. There was no change in this assessment for the period ended March 31, 2016.

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.

Valuation of embedded derivatives within debt instruments

The Company measures the fair market value of embedded derivatives using the Black-Scholes model and discounted cash flows, as appropriate. These models take into account management's best estimate of the conversion price of the stock, an estimate of the expected time to conversion, the current price of the underlying stock, an estimate of the stock's volatility, and the risk-free rate of return expected for an instrument with a term equal to the duration of the convertible debt.

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5. EXPLORATION AND EVALUATION ASSETS

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

	<u>Expenditures</u>
Balance, June 30, 2015	\$ 35,715,114
Land payments	\$ 175,815
Deferred exploration expenditures:	
Feasibility study and engineering	2,552,263
Field management and other	601,716
Drilling	255,738
Metallurgical	236,082
Geologists and field staff	54,011
Functional currency conversion impacts	2,643,414
	<u>6,343,224</u>
Balance, March 31, 2016	\$ 42,234,153

Additions to exploration and evaluation assets during the nine-month period ended March 31, 2016 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.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2016	June 30, 2015
Accounts payable and accrued liabilities	\$ 549,052	\$ 5,485,820
Accounts payable and accrued liabilities to related parties	-	52,839
	<u>\$ 549,052</u>	<u>\$ 5,538,659</u>

7. CONVERTIBLE DEBT

	March 31, 2016	June 30, 2015
Convertible Notes	\$ 1,148,497	\$ -
Convertible Security	6,896,922	-
	<u>\$ 8,045,419</u>	<u>\$ -</u>

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.

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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, net of interest paid	76,320
Change in conversion component valuation	79,115
Foreign exchange	(35,983)
Balance, March 31, 2016	<u>\$ 1,148,497</u>

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

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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. During the three months ended March 31, 2016, upon the final funding of the convertible security, the Company recorded the fair values of each of the components and allocated the proportionate costs of the security resulting in some revisions to previously recorded amounts which were not material.

The fair value of the embedded derivative (the "conversion component") 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 Convertible Security is recorded at amortized cost using the effective interest method, and is adjusted for changes in foreign exchange rates. The conversion component 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 at the completion of funding, including adjustments to the allocation of costs to individual components:

	CAD\$	USD\$
Gross proceeds	\$ 6,272,950	\$ 4,500,000
Conversion component	\$ 4,262,274	\$ 3,060,000
Liability component	2,010,676	1,440,000
Allocated closing costs	(95,049)	(68,558)
Convertible Security, at final funding	\$ 6,177,901	\$ 4,431,442

The Company incurred transaction costs of \$297,975, including a 3% closing fee paid to Lind (\$188,042, or US\$135,000) and \$109,933 of third party costs. Of this amount, \$202,926 was deemed applicable to the option conversion component and was expensed and remaining transaction costs of \$95,049 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, opening balance	\$ 6,177,901
Accreted interest	493,805
Change in option conversion component valuation	722,394
Foreign exchange impacts	(497,178)
Balance, March 31, 2016	<u>\$ 6,896,922</u>

The Convertible Security is secured by the assets of the Company, being the shares of its subsidiaries 0896800 B.C. Ltd. and Elk Creek Resources Corp ("ECRC"). The Debenture is also secured by a security interest over all assets of ECRC. 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 related party 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 became effective after February 1, 2016 and the Company was in compliance as of March 31, 2016.

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(expressed in Canadian dollars, unless otherwise stated)

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. Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2015	8,105,000	0.69
Granted	5,875,000	0.62
Exercised	(915,000)	0.23
Cancelled/expired	(500,000)	0.69
Balance, March 31, 2016	12,565,000	\$ 0.69
Number of options currently exercisable	6,740,000	\$ 0.75

The following table summarizes information about stock options outstanding at March 31, 2016:

Exercise price	Number outstanding	Number exercisable	Expiry date
\$ 0.50	370,000	370,000	May 9, 2017
\$ 0.62	5,575,000	-	January 19, 2021
\$ 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 March 31, 2016	12,565,000	6,740,000	

c) Warrants

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"). On January 19, 2016, the December Private Placement closed on an oversubscribed basis and the Company issued 9,074,835 Units at a price of \$0.57 per Unit, resulting in total gross proceeds of \$5.24 million. Each Unit consisted of one common share of the Company and one transferable common share purchase warrant (a "Private Placement Warrant"). Each Private Placement Warrant is exercisable to acquire one additional common share of the Company for a period of three 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. The fair value of the broker warrants of \$21,126 was estimated based on the Black-Scholes pricing model using a risk free interest rate of 0.75%, an expected dividend yield of 0%, a volatility of 100.13%, and an expected life of 3.0 years.

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Warrant transactions are summarized as follows:

	Warrants	Weighted avg exercise price
Balance, June 30, 2015	28,260,666	\$ 0.73
Granted:		
Lind Warrants	3,125,000	0.72
December Private Placement	9,074,835	0.75
Broker warrants - December Private Placement	75,450	0.75
Advisory Warrants*	750,000	0.65
Sponsorship warrants**	250,000	0.65
Exercised	(3,885,518)	0.64
Expired	(7,068,500)	0.67
Balance March 31, 2016	30,581,933	\$ 0.72

* Pursuant to a financial services advisory agreement with Mackie Research Capital Corporation ("MRCC") the Company issued 500,000 advisory warrants on December 4, 2014 and 250,000 advisory warrants on January 14, 2015. Each advisory warrant entitled MRCC to purchase a unit of the Company at a price of \$0.55 each, on or before December 4, 2016. Each such unit consisted of one Common Share and one warrant exercisable at a price of \$0.65 per share until December 4, 2016. These units were exercised during the three-month period ended March 31, 2016, resulting in the granting of these additional 750,000 warrants.

** Pursuant to a sponsorship agreement between MRCC and the Company in connection with the Company's graduation to the Toronto Stock Exchange, the Company issued 250,000 sponsorship warrants on January 14, 2015, entitling MRCC to purchase units of the Company at \$0.60 per unit until January 14, 2017. Each such unit consisted of one Common Share and one warrant exercisable at \$0.65 per share until January 14, 2017. These units were exercised during the three-month period ended March 31, 2016, resulting in the granting of these additional 250,000 warrants.

At March 31, 2016 the Company has outstanding exercisable warrants, as follows:

Number	Exercise Price	Expiry Date
15,409,738	\$ 0.65	November 10, 2016
182,910	0.85	February 27, 2017
2,714,000	1.00	February 27, 2017
3,125,000	0.72	December 22, 2018
9,150,285	0.75	January 19, 2019
<u>30,581,933</u>		

As more fully described in Note 14, On April 20, 2016, the Company announced an early warrant exercise program (the "Program") designed to encourage the early exercise of unlisted share purchase warrants exercisable at \$0.65 that otherwise expire on November 10, 2016 (the "November 2016 Warrants").

9. FLOW THROUGH TAX 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.

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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.

	Nine months ended March 31,	
	2016	2015
Key management personnel remuneration		
Short-term compensation	\$ 801,973	\$ 811,645
Share based compensation	260,313	2,297,490
Total key management personnel remuneration	\$ 1,062,286	\$ 3,109,135

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.

With the receipt of additional funding proceeds from the December Private Placement and Convertible Security, on January 13, 2016, the Company repaid \$1.6 million (or US\$1.1 million) of the outstanding Smith Loans, as well as interest and establishment fees payable as of December 31, 2015. As of March 31, 2016, interest payable to Mr. Smith totaled \$35,258 (or US\$27,182).

11. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholders' 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

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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 March 31, 2016 the Company had a net monetary liability position of US\$5.6 million. Each 1% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$72,000.

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.

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13. COMMITMENTS

The Company has the following operating lease and debt commitments in place as of March 31, 2016:

	Total	Payments due by period			
		Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Debt	\$ 9,602,668	\$1,353,112	\$7,170,369	\$1,079,187	\$ -
Operating leases	561,354	288,115	204,743	68,495	-
Total contractual obligations	\$ 10,164,022	\$ 1,641,227	\$ 7,375,112	\$ 1,147,682	\$ -

14. SUBSEQUENT EVENTSEarly warrant program

On April 20, 2016, the Company announced an early warrant exercise program (the “Program”) designed to encourage the early exercise of (unlisted) share purchase warrants exercisable at \$0.65 that otherwise expire on November 10, 2016 (the “November 2016 Warrants”). An estimated 11,250,256 November 2016 Warrants are available to be exercised during a prescribed period under the Program. Proceeds from the Program will be available to fund the Company’s ongoing work to complete its Elk Creek Project Feasibility Study and to fund future planned capital growth expenditures.

The Program and its commencement are subject to disinterested shareholder approval, which will be sought at a Special Meeting of Shareholders to be held on Tuesday May 17, 2016 at 10 a.m. Mountain time, as well as final TSX approval. Full details of the Program, including The Company’s information circular dated April 18th, 2016 in respect of the required shareholder approval of the Program, are available on the Company’s website at www.niocorp.com or at www.sedar.com.