

# **NIOCORP DEVELOPMENTS LTD.**

**Condensed Consolidated Interim Financial Statements**

**Six months ended December 31, 2014**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the six months ended December 31, 2014.

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

**NIOCORP DEVELOPMENTS LTD.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(in Canadian dollars)

	Note	December 31, 2014	June 30, 2014
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 3,170,112	\$ 2,997,287
Receivables	6	148,103	46,625
Marketable securities	7	26,250	24,000
Prepaid expenses		36,285	26,885
		3,380,750	3,094,797
<b>Non-current</b>			
Deposits		53,251	67,120
Equipment	8	41,631	34,028
Exploration and evaluation assets	9	24,233,765	14,528,895
		\$ 27,709,397	\$ 17,724,840
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	10	\$ 1,379,845	\$ 1,179,519
Flow-through tax liability	12	778,750	778,750
		2,158,595	1,958,269
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital stock</b>	11	46,526,591	35,685,480
<b>Share-based payment reserve</b>	11	7,950,540	3,058,819
<b>Deficit</b>		(28,926,329)	(22,977,728)
		25,550,802	15,766,571
		\$ 27,709,397	\$ 17,724,840
Basis of preparation (note 2)			
Commitments (note 17)			
Subsequent events (note 18)			

**On behalf of the Board:**

"Mark Smith"  
\_\_\_\_\_  
Director

"Peter Dickie"  
\_\_\_\_\_  
Director

**NIOCORP DEVELOPMENTS LTD.****Condensed Consolidated Interim Statement of Comprehensive Loss**

(in Canadian dollars)

		<b>Three months ended December 31,</b>	<b>Three months ended December 31,</b>	<b>Six months ended December 31,</b>	<b>Six months ended December 31,</b>
	<b>Note</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Administrative expenses</b>					
Consulting		8,118	53,200	\$ 8,118	\$ 59,200
Depreciation		2,299	539	4,666	1,077
Financial fees		118,000	-	118,000	-
Foreign exchange		26,281	(11,285)	17,046	(11,842)
Investor communication		37,512	44,188	83,897	59,685
Management fees	13	129,393	115,000	256,038	160,000
Office and miscellaneous		58,009	60,240	166,806	98,591
Professional fees	13	101,059	24,374	119,498	40,242
Share-based compensation	11c, 13	1,627,339	-	2,803,760	-
Transfer agent and regulatory fees		23,660	21,776	32,054	26,924
Travel		51,158	46,424	87,618	52,982
Recovery of exploration and evaluation assets		-	(66,680)	-	(66,680)
<b>Loss for the period</b>		<b>(2,182,828)</b>	<b>(354,456)</b>	<b>(3,697,501)</b>	<b>(486,859)</b>
Interest income		2,034	-	4,673	-
Fair value of warrants granted	11d	(2,258,023)	-	(2,258,023)	-
Unrealized gain (loss) on available-for-sale investments	7	2,250	(48,000)	2,250	(48,000)
<b>Loss and comprehensive loss for the period</b>		<b>\$ (4,436,567)</b>	<b>\$ (402,456)</b>	<b>\$ (5,948,601)</b>	<b>\$ (534,859)</b>
<b>Loss per common share, basic and diluted</b>		<b>\$ (0.04)</b>	<b>\$ (0.00)</b>	<b>\$ (0.05)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>		<b>124,993,856</b>	<b>91,817,455</b>	<b>124,993,856</b>	<b>91,817,455</b>

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

**NIOCORP DEVELOPMENTS LTD.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(in Canadian dollars)

	<b>Six months ended December 31, 2014</b>	Six months ended December 31, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total loss for the period	\$ (5,948,601)	\$ (534,859)
Items not affecting cash:		
Depreciation	4,666	1,077
Fair value of warrants granted	2,258,023	-
Unrealized loss (gain) on available-for-sale investments	(2,250)	48,000
Share-based compensation	2,803,760	-
	(884,402)	(485,782)
Change in non-cash working capital items:		
Receivables	(101,478)	(13,258)
Prepaid expenses	(9,400)	(59,998)
Accounts payable and accrued liabilities	(16,768)	(100,581)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,012,048)</b>	<b>(659,619)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of capital stock	11,009,215	1,677,018
Issue costs	(338,165)	-
Advances from a related party	-	100,000
Repayment of advances from a related party	-	(150,000)
<b>Net cash provided by financing activities</b>	<b>10,671,050</b>	<b>1,627,018</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposits	13,869	(1,410)
Acquisition of equipment	(12,269)	-
Land payments	(330,291)	(40,000)
Deferred exploration costs	(9,157,486)	(19,240)
<b>Net cash used in investing activities</b>	<b>(9,486,177)</b>	<b>(60,650)</b>
<b>Increase in cash during the period</b>	<b>172,825</b>	<b>906,749</b>
<b>Cash, beginning of period</b>	<b>2,997,287</b>	<b>35,460</b>
<b>Cash, end of period</b>	<b>\$ 3,170,112</b>	<b>\$ 942,209</b>

Supplemental cash flow information (note 5)

**NIOCORP DEVELOPMENTS LTD.**  
**Condensed Consolidated Interim Statements of Equity**  
(in Canadian dollars)

	Note	Shares	Special Warrants	Amount	Share-based payment reserves	Deficit	Total
Balance, July 1, 2013		89,339,616	\$ -	\$ 29,116,650	\$ 3,061,591	\$ (21,306,385)	\$ 10,871,856
Private placement - tranche #1	9	6,186,612	-	955,832	-	-	955,832
Private placement - tranche #1	9	4,837,000	-	771,405	-	-	771,405
Issue costs		-	-	(54,482)	-	-	(54,482)
Exercise of warrants	9	34,100	-	4,263	-	-	4,263
Loss for the period		-	-	-	-	(534,859)	(534,859)
Balance, December 31, 2013		100,397,328	\$ -	\$ 30,793,668	\$ 3,061,591	\$ (21,841,244)	\$ 12,014,015

Balance, July 1, 2014		122,884,716	-	\$ 35,685,480	\$ 3,058,819	\$ (22,977,728)	\$ 15,766,571
Special warrants	11b	-	19,245,813	10,585,197	-	-	10,585,197
Issue costs	11b	-	-	(401,894)	63,728	-	(338,166)
Exercise of warrants		1,064,140	-	260,018	-	-	260,018
Exercise of options		1,045,000	-	164,000	-	-	164,000
Fair value of stock options exercised		-	-	233,790	(233,790)	-	-
Fair value of warrants granted to ThyssenKrupp	11d	-	-	-	2,102,820	-	2,102,820
Fair value of warrants for financial services agreement	11d	-	-	-	155,203	-	155,203
Share-based payments	11c	-	-	-	2,803,760	-	2,803,760
Loss for the period		-	-	-	-	(5,948,601)	(5,948,601)
Balance, December 31, 2014		124,993,856	19,245,813	\$ 46,526,591	\$ 7,950,540	\$ (28,926,329)	\$ 25,550,802

## 1. CORPORATE INFORMATION

The Company was incorporated on February 27, 1987 under the laws of the Province of British Columbia. The head office, principal address and records office of the Company are located at Suite 525 - 999 West Hastings Street, Vancouver, British Columbia, Canada V6C 2W2. The Company's registered address is at the same address.

The Company is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain mineral reserves that are economically recoverable. 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 the development, and upon future profitable production. The Company is quoted on the TSX Venture Exchange ("TSX-V") under the symbol "NB".

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial information for the six months ended December 31, 2014 have been prepared in accordance with IAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were authorized for issue by the Board of Directors on February 12, 2015.

## 3. GOING CONCERN ISSUES

The Company incurred a loss of \$5,948,601 (2013 - \$534,859) for the six months ended December 31, 2014, and has an accumulated deficit of \$28,926,329 and working capital of \$1,222,155 at December 31, 2014. 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 its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These 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 year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

### 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:

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS continued

##### Exploration and Evaluation Expenditure 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 expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

##### Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

##### 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.

##### 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 11.



## 5. SUPPLEMENTAL CASH FLOW INFORMATION

	Note	2014	2013
Cash paid for:			
Interest paid		\$ -	\$ -
Income taxes paid		\$ -	\$ -
Non-cash activities			
Mineral property expenditures included in accounts payable		\$ 1,137,480	\$ 143,722
Fair value of agent warrants issued as share issuance costs	11b	\$ 63,728	\$ -
Fair value of warrants issued for financial advisory services	11d	\$ 155,203	\$ -
Fair value of warrants issued to ThyssenKrupp Metallurgical Products GmbH	11d	\$ 2,102,820	\$ -

## 6. RECEIVABLES

	December 31,	
	2014	June 30, 2014
Refundable GST/HST tax	122,915	44,109
Other receivables	25,188	2,516
<b>Total</b>	<b>\$ 148,103</b>	<b>\$ 46,625</b>

## 7. MARKETABLE SECURITIES

	December 31,	
	2014	June 30, 2014
Shares of Amana Copper Ltd.	15,000	9,000
Shares of Victory Mines Limited	11,250	15,000
<b>Total</b>	<b>\$ 26,250</b>	<b>\$ 24,000</b>

## 8. EQUIPMENT

<b>Property and equipment</b>	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	991	11,278	12,269
<b>December 31, 2014</b>	<b>\$ 35,063</b>	<b>\$ 35,054</b>	<b>\$ 70,117</b>
<b>Accumulated depreciation</b>			
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	2,098	2,568	4,666
<b>December 31, 2014</b>	<b>\$ 22,187</b>	<b>\$ 6,299</b>	<b>\$ 28,486</b>
Net book value, June 30, 2014	\$ 13,983	\$ 20,045	\$ 34,028
Net book value, December 31, 2014	\$ 12,876	\$ 28,755	\$ 41,631

## 9. EXPLORATION AND EVALUATION ASSETS

The Company's interest in exploration and evaluation assets consist of:

<b>Six months ended December 31, 2014</b>		Elk Creek
Balance, beginning of year		\$ 14,528,895
Land payments		330,291
		330,291
Deferred exploration expenditures		
Core handling, sampling and assay		761,697
Drilling		2,859,769
Feasibility study and engineering		2,858,835
Field management		573,153
Geologists and field staff		903,507
Metallurgical		1,417,618
		9,374,579
Balance, end of period		\$ 24,233,765
<b>Year ended June 30, 2014</b>		Elk Creek
Balance, beginning of year		\$ 12,330,691
Acquisition costs		69,519
		69,519
Deferred exploration expenditures		
Core handling, sampling and assay		167,591
Drilling		708,414
Engineering		451,615
Environmental		14,348
Field management		69,047
Geologists and field staff		311,862
Metallurgical		405,808
		2,128,685
Balance, end of year		\$ 14,528,895

## 9. EXPLORATION AND EVALUATION ASSETS continued

### (a) Archie Lake

In September 2009, the Company entered into an agreement to acquire the Archie Lake property located near Uranium City, Saskatchewan. In consideration, the Company paid acquisition costs of \$40,000 and issued 2,000,000 common shares at a value of \$840,000. The property is subject to a 2% Net Smelter Royalty ("NSR"), of which one half (1%) may be purchased back for \$1,000,000. Since no current exploration work has been planned by the Company, it has decided to write off its total cost of \$2,045,315 in the year ended June 30, 2013. 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.

### (b) Elk Creek

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 pre-paid five year mineral exploration lease agreements which were negotiated prior to acquisition, and include a pre-determined buyout for permanent ownership of the mineral rights. Terms of the agreements require no further payments until the conclusion of the pre-paid lease, at which time the Company may elect to buyout the mineral rights. Certain agreements also contain provisions to purchase surface rights, and several contain provisions whereby the vendors would retain a 2% NSR.

### (c) Silver Mountain

During the year ended June 30, 2011, the Company completed the acquisition of Silver Mountain Mines Corp. ("Silver Mountain"). The property interests of Silver Mountain consist of the Red Lake and Thunder Bay claims located in Ontario and the Jungle Well and Laverton projects located in Western Australia.

#### Red Lake (Tait Lake) Property

The Company holds an option to acquire a 100% interest in certain claim units located in the Kenora Mining Division, Ontario. Terms of the option agreement include a payment dated July 31, 2009 of \$10,000 (paid) and \$129,000 payable as follows: \$24,000 on or before first anniversary (paid), \$30,000 on or before second anniversary (paid), \$35,000 on or before third anniversary and \$40,000 (paid in September 2013) on or before fourth anniversary of signing. In addition, a total of 150,000 shares are issuable, with 50,000 shares on signing (issued), 50,000 shares (issued at a value of \$28,000) on the first anniversary of the agreement, and 50,000 shares (issued at a value of \$13,500) on the second anniversary of the agreement. Pursuant to the payment of \$35,000 required on or before the third anniversary, the Company issued 400,000 shares at a value of \$50,000. The property is subject to a 2% net smelter return ("NSR").

On November 28, 2011 the Company entered into an option agreement (the "Option Agreement") among its wholly owned subsidiary, Silver Mountain, Perry English for Rubicon Minerals Corporation ("English") and Amana Copper Ltd. (formerly Titan Goldworx Resources Inc.)("Amana") dated October 21, 2011, as amended November 28, 2011, whereby the Company granted Amana an option to acquire up to a 70% interest in the Tait Lake Property.

The Company received a termination notice from Amana on May 29, 2013. The Company had received \$15,000 in cash and 150,000 common shares of Amana valued at \$22,500. During the year ended June 30, 2013, the Company decided to write off the Red Lake claims and related value of \$50,000 as no further exploration has been planned.

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31,	
	2014	June 30, 2014
Accounts payable and accrued liabilities	\$ 1,306,076	\$ 1,039,273
Accounts payable and accrued liabilities to related parties	73,769	4,565
Taxes and penalties payable	-	135,681
<b>Total</b>	<b>\$ 1,379,845</b>	<b>\$ 1,179,519</b>

## 11. CAPITAL STOCK

### (a) Authorized

Unlimited common shares without par value

### (b) Issued and Outstanding

Six months ended December 31, 2014

In November 2014 the Company announced it had closed a partially brokered and partially non brokered private placement of 19,245,813 special warrants (the "Special Warrants") at an issue price of \$.55 to raise aggregate gross proceeds of \$10,585,197. Each 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 \$.65 per share until November 10, 2016. ("Offering"). Under the terms of the Special Warrant, the Company was required to file a short form prospectus pursuant to National Policy 11-202 and Multilateral Instrument 11-102 and obtain a receipt from the securities regulators in such jurisdictions in Canada in which a holder of Special Warrants is resident. See subsequent events, note 18.

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 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 \$.55 each. Each unit consists of one common share and one warrant exercisable at a price of \$.65 per share until November 10, 2016. The fair value of the agent warrants of \$63,728 was estimated using Black Scholes option using a risk free interest rate of 1.25%, an expected dividend yield of \$nil, a volatility of 108.9%, and an expected life of 2 years. Total cash issue costs including agents' commission, legal and filing fees is \$338,166.

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 had incurred costs of \$54,482 towards this private placement of which \$36,960 was paid as at June 30, 2013.

## 11. CAPITAL STOCK continued

### (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, 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	6,670,000	0.75
Exercised	(1,045,000)	0.16
Cancelled/expired	(25,000)	0.17
Balance, December 31, 2014	12,660,000	\$ 0.49
Number of options currently exercisable	12,660,000	\$ 0.51

During the period ended December 31, 2014, the Company granted 2,300,000 stock options at \$0.65, 500,000 stock options at \$0.76 and 3,870,000 stocks at \$0.80 each all for a period of three years. Using a Black Scholes model the value of the options granted was calculated to be \$2,803,760 which was charged to operations.

The fair value of stock options granted and the assumptions used to calculate compensation expense are estimated using the Black-Scholes Option Pricing Model as follows:

	Six months ended December 31, 2014
Fair value per option granted during the period	\$ 0.48
Risk-free interest rate	1.25%
Expected dividend yield	0%
Expected stock price volatility	105.6%
Expected option life in years	2.15

The following table summarizes information about stock options outstanding at December 31, 2014:

Exercise price	Number outstanding	Number exercisable	Expiry date
\$ 0.15	1,005,000	1,005,000	January 18, 2016
\$ 0.15	1,325,000	1,325,000	February 25, 2016
\$ 0.17	2,210,000	2,210,000	January 10, 2017
\$ 0.20	900,000	900,000	January 12, 2015
\$ 0.50	500,000	500,000	May 9, 2017
\$ 0.65	50,000	50,000	May 20, 2017
\$ 0.65	2,300,000	2,300,000	July 28, 2017
\$ 0.76	500,000	500,000	September 2, 2017
\$ 0.80	3,870,000	3,870,000	December 22, 2017
	12,660,000	12,660,000	

## 11. CAPITAL STOCK continued

### (d) Warrants

(i) Warrant transactions are summarized as follows:

	Six months ended December 31, 2014	Weighted average exercise price	Year ended June 30, 2014	Weighted average exercise price
Balance, opening	1,064,140	\$ 0.24	19,093,871	\$ 0.36
Exercised	(1,064,140)	0.24	(2,020,820)	0.25
Granted				
Special warrants	19,245,813	0.65	-	-
* Agents' warrants	205,304	0.55	-	-
** Agents' warrants	205,304	0.65	-	-
*** Agents' advisory warrants	500,000	0.55	-	-
**** Agents' advisory warrants	500,000	0.65	-	-
***** ThyssenKrupp Metallurgical Products GmbH	8,569,000	0.67	-	-
Expired	-	-	(16,008,911)	0.35
Balance, closing	* 29,225,421	\$ 0.65	1,064,140	\$ 0.24

\* Agents' compensation warrants issued pursuant to Special Warrant financing. See note 11b for details and the determination of the fair value.

\*\* These agents' compensation warrants are exercisable based on the agents' warrants at \$0.55 being exercised.

\*\*\* Pursuant to a financial services advisory agreement with MRCC the Company agreed to issue to MRCC in two stages, 750,000 agents' advisory warrant units, and pay MRCC a fee of \$190,000, of which \$90,000 was paid upfront and the balance of which is payable in 5 monthly installments of \$20,000 commencing December 1, 2014 (December 1, 2014 installment paid). The Company has issued 500,000 agents' advisory warrants and subsequent to December 31, 2014 issued 250,000 agent's advisory warrants on the effective date of the Special Warrants and ensuing short form prospectus being receipted. The agents' advisory 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 \$.55 each. Each unit consists of one common share and one warrant exercisable at a price of \$.65 per share until November 10, 2016.

The fair value of the warrants granted to MRCC pursuant to the financial services advisory agreement, based on a Black Scholes model using a risk free interest rate of 1.25%, an expected dividend yield of \$nil, a volatility of 108.9%, and an expected life of 2 years was calculated to be \$155,203 which was charged to operations,

\*\*\*\* These agents' advisory warrants are exercisable based on the agents' advisory warrants at \$0.55 being exercised.

\*\*\*\*\* The Company entered into an offtake agreement with ThyssenKrupp Metallurgical Products GmbH ("ThyssenKrupp") whereby ThyssenKrupp will purchase approximately 3,750 metric tons or roughly fifty percent (50%) of the Company's planned Ferro-Niobium production from its Elk Creek deposit for an initial ten year term, with an option to extend beyond that time-frame. The Agreement presupposes the Company obtaining project financing, obtaining all necessary approvals and constructing a mine at Elk Creek. ThyssenKrupp is based in Essen, Germany, the company 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, until December 12, 2015.

The fair value of the warrants granted to ThyssenKrupp, based on a Black Scholes model using a risk free interest rate of 1.25%, an expected dividend yield of \$nil, a volatility of 100.03%, and an expected life of one year was calculated to be \$2,102,820 which was charged to operations,

## 11. CAPITAL STOCK continued

At December 31, 2014 the Company has outstanding warrants, exercisable as follows:

Number	Exercise Price	Expiry Date
205,304	\$ 0.55	November 10, 2016
500,000	\$ 0.55	December 4, 2016
19,451,117	\$ 0.65	November 10, 2016
500,000	\$ 0.65	December 4, 2016
8,569,000	\$ 0.67	December 12 2015
29,225,421		

## 12. 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 a flow-through premium liability of \$416,850 based on the premium on the flow-through shares issued. The Company did not incur sufficient eligible expenditures to reduce the flow-through premium liability to \$nil leaving a flow through premium liability of \$244,890 as of June 30, 2013. The Company has since completed its required flow through tax filings with the Canada Revenue Agency and the liability has been reduced to \$nil.

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.

## 13. RELATED PARTY TRANSACTIONS

The following expenses were incurred with directors and officers of the Company

	Six months ended December 31, 2014	Six months ended December 31, 2013
<b>Key management personnel remuneration</b>		
Management fees	\$ 256,038	\$ 160,000
Professional fees	46,000	23,000
Share based compensation	2,297,490	-
Total key management personnel remuneration	2,599,528	183,000
Rent (to a company with a former common director)	-	20,121
Total	\$ 2,599,528	\$ 203,121

As at December 31, 2014 accounts payable included \$73,769 (June 30, 2014 - \$4,565) owing to officers and directors.

As at December 31, 2014 receivables include \$2,515 from a company with a former common director.

## 14. 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. 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 exploration programs and to pay for administrative cost, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process.

## 15. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities, and advances from a related party. The carrying value of receivables, accounts payable and accrued liabilities, and advances from a related party 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 unless otherwise stated in the notes.

### i) 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 a large Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash.

### ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The Company does not have any interest bearing financial instruments.

### iii) 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 at December 31, 2014 the Company had a net monetary liability position of US\$870,000. Each 1% in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$8,700.

### iv) 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.

### v) Equity market risk

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

### (vi) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.



## 16. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and mineral exploration of exploration and evaluation assets. Geographical information is as follows:

	December 31, 2014	June 30, 2014
Non-current assets		
Canada	\$ 52,439	\$ 69,134
United States	19,403,235	14,560,909
	\$ 19,455,674	\$ 14,630,043

## 17. COMMITMENTS

The Company entered into a consulting agreement with a related party for an indefinite period commencing September 23, 2013 to pay consulting fees of \$270,000 USD per year, constituting the base fee. The Company paid a signing bonus in the amount of \$165,000 USD. The base fee does not include any bonus or incentive payments, the introduction of such payments, if any, and the amount thereof will be determined by the Board in its sole discretion. In an event of a change in control, or termination the consultant will receive a lump sum payment equal to 12 months base fees and bonus, if any, based on the preceding two year period.

The Company entered into a consulting agreement with a related party for an indefinite period commencing May 1, 2014 to pay consulting fees of \$210,000 per year, constituting the base fee. The base fee does not include any bonus or incentive payments, the introduction of such payments, if any, and the amount thereof will be determined by the Board in its sole discretion. In an event of a change in control, or termination the consultant will receive a lump sum payment equal to 12 months base fees and bonus, if any, based on the preceding two year period.

The Company entered into an agreement to lease office space starting June 1, 2014 ending on May 31, 2017, Annual rental payments are \$63,904.

## 18. SUBSEQUENT EVENTS

(a) On November 10, 2014 the Company announced it had closed a partially brokered and partially non brokered private placement of 19,245,813 special warrants at an issue price of \$.55 per Special Warrant to raise aggregate gross proceeds of \$10,585,197. On January 15, 2015 the Company announced it had filed and obtained a receipt from the British Columbia Securities Commission for a final short form prospectus dated January 14, 2015. The receipt also evidences that the Ontario Securities Commission has received the filing, as well as regulators in Alberta and New Brunswick under Multilateral Instrument 11-102 Passport System. The prospectus qualified the distribution of 19,245,813 Special Warrants pursuant to the terms thereof, which were deemed to be exercised on January 19, 2015.

(b) The Company received \$188,150 from the exercise of 950,000 options.

(c) Pursuant to the financial services advisory agreement with MRCC the Company issued 250,000 agent's advisory warrants as the short form prospectus was filed and receipted. The agents' advisory 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 \$.55 each. Each unit consists of one common share and one warrant exercisable at a price of \$.65 per share until November 10, 2016.

(d) Pursuant to a sponsorship agreement between the Company and MRCC, cash consideration of \$25,000 was paid and 250,000 broker warrant units were issued. The cash work fee of \$8,000 was paid in December 2014 with the remaining \$17,000 balance paid upon delivery of the final sponsor report on January 14, 2015. Each broker warrant unit entitles the holder to one unit at \$0.60 until December 4, 2016. Each unit comprises one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.65 until December 4, 2016.

(e) On February 11, 2015 the Company entered into an agreement with MRCC, pursuant to which MRCC agreed to buy on a bought deal private placement basis, 1,334,000 special warrants of the Company at a price of \$0.75 per special warrant, representing aggregate gross proceeds of \$1,000,500. Each special warrant will be exchangeable at any time after the closing date of the offering one unit of the Company. Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at \$1.00 per common share for a period of 24 months from closing. The Company has also granted MRCC an option to increase the size of the offering by up to 15%, at any time up to 48 hours prior to the closing date of the offering.

In consideration for services, MRCC will receive a cash commission equal to 6.5% of the gross proceeds of the offering and non-transferable compensation options equal to 6.5% of the special warrants issued pursuant to the offering. Each compensation option shall entitle MRCC to purchase common shares of the Company at an exercise price equal to the volume weighted average price of NioCorp's securities calculated in accordance with TSX rules.

The Company will as soon as reasonably practicable after the closing of this offering, obtain a receipt for a final short form prospectus of the Company filed pursuant to National Policy 11-202 and Multilateral Instrument 11-102, issued by the securities regulators in such jurisdictions in Canada in which a holder of special warrants is resident (collectively, the "Liquidity Event"). In the event that the Liquidity Event does not occur within 45 days following the closing date of this offering, each unexercised special warrant, including the special warrants offered as part of MRCC's option and the compensation options, will subject to the acceptance of the TSX, thereafter entitle the holder thereof to receive upon the automatic exercise thereof, at no additional consideration, 1.10 units (instead of one Unit).

The net proceeds from the offering will be used by the Company for continued development of NioCorp's Elk Creek niobium project, including, but not limited to, metallurgical studies including plant work and detailed engineering, and to satisfy the main condition precedent of the Toronto Stock Exchange ("TSX") to allow NioCorp's listing on the TSX.