

NIOCORP DEVELOPMENTS LTD.
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
Terms of Reference
As Amended on November 3, 2016

PURPOSE

The Audit Committee (the “Committee”) shall provide assistance to the Board of Directors (the “Board”) of NioCorp Developments Ltd. (the “Corporation”) in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation and the investment community. The external auditors will report directly to the Committee. The Committee’s primary duties and responsibilities are to:

- Oversee the accounting and financial reporting processes of the Corporation, and the audit of its financial statements, including: (i) the integrity of the Corporation’s financial statements; (ii) the Corporation’s compliance with legal and regulatory requirements; and (iii) the external auditors’ qualifications and independence.
- Resolving disagreements between management and the external auditor regarding financial reporting.
- Serve as an independent and objective party to monitor the Corporation’s financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Corporation’s external auditors.
- Provide open lines of communication among the external auditors, financial and senior management, and the Board for financial reporting and control matters, and meet periodically with management and with the external auditors.

PROCEDURES AND ORGANIZATION

A. Subject to the limited exemptions available in Section 3 of National Instrument 52-110 Audit Committees (“National Instrument 52-110”), the Committee shall consist of at least three independent Board members who are each financially literate¹. In addition, the composition of the Audit Committee shall comply with all applicable securities laws and the rules and regulations of the Toronto Stock Exchange, the rules and regulations of the NYSE MKT LLC, Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended, as well as any other stock exchanges on which the shares of the Corporation are listed, subject to any waivers or exceptions granted by such stock exchanges.

B. At least one member shall have accounting or related financial management expertise to qualify as a “financial expert”. A person will qualify as a “financial expert” if he or she possesses the following attributes:

1. an understanding of financial statements and generally accepted accounting principles used by the Corporation to prepare its financial statements;
2. an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

¹ Financially literate means the ability to read and understand a set of financial statements that presents a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements, in accordance with the requirements of National Instrument 52 -110.

3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be included in the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities;
4. an understanding of internal controls and procedures for financial reporting; and
5. an understanding of audit committee functions.

C. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the Committee Chair and members of the Committee for the ensuing year. It is desirable that at least one member of the previous Committee be carried over to any newly constituted Committee. Any member may be removed from the Committee or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a director.

D. The Secretary of the Corporation shall be the secretary of the Committee, unless otherwise determined by the Committee.

E. In the absence of the Chair or Secretary at any meeting of the Committee, the members present at the meeting shall appoint one of their members to act as Chair of the Committee meeting and shall designate any director, officer or employee of the Corporation to act as Secretary.

F. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.

G. The Committee shall have access to such officers and employees of the Corporation, to the Corporation's external auditors, and to such information and records of the Corporation as it considers to be necessary or advisable in order to perform its duties and responsibilities.

H. Meetings of the Committee shall be conducted as follows:

1. the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chair of the Committee, one of which shall be to review the annual financial statements of the Corporation and three of which shall be to review the interim financial statements of the Corporation. Notice of meetings shall be given to each member not less than 48 hours before the time of the meeting. However, meetings of the Committee may be held without formal notice if all of the members are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting;
2. notice of meeting may be given verbally or by letter, facsimile, email or telephone and need not be accompanied by an agenda or any other material. The notice shall specify the purpose of the meeting;
3. the external auditors shall receive notice of and be entitled to attend all meetings of the Committee; and
4. the following management representatives shall be invited to attend all meetings, except those meetings deemed by the Committee as either executive sessions or private sessions with the external auditors:
 - o Chief Financial Officer; and
 - o Other management representatives shall be invited to attend as determined by the Committee.

I. The external auditors shall have a direct line of communication to the Committee through its Chair. The committee, through its Chair, may contact any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.

J. The Committee shall take to the Board at its next regular meeting all such action it has taken since the previous report.

K. The Chair shall call and convene a meeting of the Committee at the request of the Chief Executive Officer, a member of the Committee, or the external auditors of the Corporation.

L. Any matter to be voted upon shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the Chair shall be entitled to a second or deciding vote.

DUTIES AND RESPONSIBILITIES

A. The general duties and responsibilities of the Committee shall be as follows:

1. to review and assist the Board in its oversight of the integrity of the annual and interim consolidated financial statements of the Corporation, including the related notes, management's discussion and analysis thereto for the purpose of recommending approval by the Board prior to release;
2. to assist the Board in the discharge of its fiduciary responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls;
3. to provide oversight of the management of the Corporation in designing, implementing and maintaining an effective system of internal controls;
4. to report periodically the Committee's findings and recommendations to the Board; and
5. the annual review and revision of this Charter as necessary with the approval of the Board provided that this Charter may be amended and restated from time to time without the approval of the Board to ensure that the composition of the Committee and the Responsibilities and Powers of the Committee comply with the applicable laws and stock exchange rules.

B. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

1. The Committee will have the authority and responsibility to direct the Board as to the independent auditor to be nominated by the Board for shareholder approval for the purpose of preparing an auditor's reports and performing other audit, review or attest services and the compensation of the independent auditor to be recommended for shareholder approval. In addition, the Committee shall have the authority and responsibility to retain specific audit services, compensate the auditor for those services, evaluate and oversee the independent auditor and, where appropriate, fill a vacancy in the office of independent auditor.
2. to review the fee, scope and timing of the audit and other related services rendered by the external auditors and recommend to the Board the compensation of the external auditors;
3. to pre-approve all non-audit services to be provided to the Corporation by the external auditors or,

alternatively, to adopt specific policies and procedures for the engagement of non-audit services²;

4. to provide oversight of the work of the external auditors and then to review with the external auditors, upon completion of their audit:
 - contents of their report;
 - scope and quality of the audit work performed;
 - adequacy of the Corporation's financial and auditing personnel;
 - cooperation received from the Corporation's personnel during the audit;
 - internal resources used;
 - significant transactions outside of the normal business of the Corporation;
 - significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems;
 - the non-audit services provided by the external auditors; and
 - "management letters" and recommendations and management's response and follow-up of any identified issues or weaknesses.

5. to meet quarterly with the external auditors in "in camera" sessions to discuss reasonableness of the financial reporting process, system of internal control, significant comments and recommendations and management's performance.; and

6. at least annually, obtaining and reviewing a report prepared by the external auditors describing:
 - the external auditors' internal quality control procedures;
 - any material issues raised by the most recent internal quality-control review, or peer review, of the external auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more external audits carried out by the external auditors, and any steps taken to deal with any such issues; and
 - all relationships between the external auditors and the Corporation (to assess auditor independence).

7. To review and discuss with the Corporation's independent auditors any other matters required or advisable to be discussed with Audit Committees, including, without limitation, the auditors' evaluation of the quality of the corporation's financial reporting, information relating to significant unusual transactions and the business rationale for such transactions and the auditors' evaluation of the corporation's ability to continue as a going concern.

C. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation shall be:

1. to review the appropriateness and soundness of the Corporation's policies and practices with respect to internal auditing, insurance, accounting and financial Controls, including through discussions with

² Pursuant to National Instrument 52-110, it will generally be sufficient for the Committee to adopt specific policies and procedures for the engagement of non-audit services as a means of satisfying the requirement to pre-approve non-audit services where the pre-approval policies and procedures are detailed, the Committee is informed of each non-audit service and the procedures do not include delegation of the Committee's responsibilities to management.

the Chief Executive Officer and Chief Financial Officer;

2. to review any unresolved issues between management and the external auditors that could affect financial reporting or internal controls of the Corporation;
3. to review the appropriateness and soundness of the Corporation's procedures for the review of the Corporation's disclosure of financial information extracted or derived from its financial statements;
4. to establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
5. to establish procedures for the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters; and
6. to periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the staff or by the external auditors have been implemented.

D. The duties and responsibilities of the Committee as they relate to financial risk management shall be:

1. to inquire of management and the external auditor about significant business, political, financial and control risks or exposure to such financial risk;
2. to oversee and monitor management's documentation of the material financial risks that the Corporation faces and update as events change and risks shift;
3. to assess the steps management has taken to control identified financial risks to the Corporation;
4. to review the following with management, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
 - management's tolerance for financial risks;
 - management's assessment of significant financial risks facing the Corporation;
 - the Corporation's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks; and
 - to review with the Corporation's counsel, legal matters which could have a material impact on the financial statements.

E. The duties and responsibilities of the Committee as they relate to non-financial risk management shall be:

1. review the risk identification and management process developed by management to confirm it is consistent with the Corporation's strategy and business plan; and
2. review management's assessment of risk at least annually and provide an update to the Board in this regard.

F. Other responsibilities of the Committee shall be:

1. to review, appraise and report to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
2. to review any earnings press releases before the Corporation publicly discloses such information;
3. to review the appropriateness of the accounting policies used in the preparation of the Corporation's financial

statements, and consider recommendations for any material change to such policies;

4. to review and approve the hiring policies of the Corporation regarding employees and former employees of the present and former external auditors of the Corporation;
5. to determine that the Corporation has implemented adequate internal control to ensure compliance with regulatory requirements and that these controls are operating effectively;
6. to develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board; and
7. Establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing practices

G. In the carrying out of its responsibilities, the Committee has the authority:

1. to engage independent counsel and other advisors at the expense of the Corporation, as may be appropriate in the determination of the Committee
2. to set and pay the compensation for any advisors employed by the Committee; and
3. to communicate directly with the internal auditors, if any, and the external auditors.

H. The Committee may delegate to one or more independent members the authority to preapprove non-audit services, so long as the pre-approval is presented to the full Committee at its first scheduled meeting following such pre-approval.

FORWARD SCHEDULE

The following schedule provides a planning guide for the Committee’s activities:

Item/Fiscal Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Review Audit Committee Terms of Reference		✓		
Review Annual Financial Statements	✓			
Review Management Letter	✓			
Review Interim Financial Statements		✓	✓	✓
Review Risk Management Issues and Processes	✓	✓	✓	✓
Recommend Auditor and compensation		✓		
Review Scope of Audit		✓		
Review Auditor’s Fees	✓	✓		
Meet Independently with Auditors	✓	✓	<input type="checkbox"/> ✓	✓
Self-Assessment	✓			