

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 000-55710



NioCorp Developments Ltd.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada

(State or other jurisdiction of incorporation or organization)

98-1262185

(I.R.S. Employer Identification No.)

7000 South Yosemite Street, Suite 115 Centennial, CO

(Address of Principal Executive Offices)

80112

(Zip code)

Registrant's telephone number, including area code: (855) 264-6267

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Not Applicable	Not Applicable	Not Applicable

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ☐
Non-Accelerated Filer ☒

Accelerated Filer ☐
Smaller Reporting Company ☒
Emerging Growth Company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 5, 2021, the registrant had 261,480,164 Common Shares outstanding.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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NioCorp Developments Ltd.**Condensed Consolidated Balance Sheets**

(expressed in thousands of U.S. dollars, except share data) (unaudited)

	Note	As of September 30, 2021	June 30, 2021
ASSETS			
Current			
Cash		\$ 5,868	\$ 7,317
Prepaid expenses and other		294	24
Total current assets		6,162	7,341
Non-current			
Deposits		35	35
Investment in equity securities		14	16
Right-of-use assets		141	156
Land and buildings, net		852	837
Mineral interests		16,085	16,085
Total assets		\$ 23,289	\$ 24,470
LIABILITIES			
Current			
Accounts payable and accrued liabilities	4	\$ 310	\$ 408
Related party loan	7	2,000	2,318
Convertible debt	5	396	1,123
Operating lease liability	9	72	69
Total current liabilities		2,778	3,918
Non-current			
Convertible debt, net of current	5	6,599	6,784
Operating lease liability	9	86	105
Total liabilities		9,463	10,807
SHAREHOLDERS' EQUITY			
Common stock, unlimited shares authorized; shares outstanding: 259,118,369 at September 30, 2021 and 256,379,931 at June 30, 2021	6	115,896	113,882
Accumulated deficit		(101,036)	(99,076)
Accumulated other comprehensive loss		(1,034)	(1,143)
Total shareholders' equity		13,826	13,663
Total liabilities and equity		\$ 23,289	\$ 24,470

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

NioCorp Developments Ltd.**Condensed Consolidated Statements of Operations and Comprehensive Loss**

(expressed in thousands of U.S. dollars, except share and per share data) (unaudited)

		For the three months ended September 30,	
	Note	2021	2020
Operating expenses			
Employee related costs		\$ 319	\$ 319
Professional fees		90	108
Exploration expenditures	8	621	225
Other operating expenses		226	411
Total operating expenses		1,256	1,063
Change in financial instrument fair value		-	(34)
Foreign exchange loss (gain)		210	(101)
Interest expense		492	127
Other loss (gain) on equity securities		2	(2)
Loss before income taxes		1,960	1,053
Income tax benefit		-	-
Net loss	3	\$ 1,960	\$ 1,053
Other comprehensive loss:			
Net loss		\$ 1,960	\$ 1,053
Other comprehensive loss:			
Reporting currency translation		109	130
Total comprehensive loss		\$ 2,069	\$ 1,183
Loss per common share, basic and diluted		\$ 0.01	\$ 0.00
Weighted average common shares outstanding		258,023,048	236,870,066

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

NioCorp Developments Ltd.
Condensed Consolidated Statements of Cash Flows
(expressed in thousands of U.S. dollars) (unaudited)

	For the three months ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Total loss for the period	\$ (1,960)	\$ (1,053)
Non-cash elements included in net loss:		
Change in financial instrument fair value	-	(34)
Unrealized loss (gain) on equity securities	2	(2)
Accretion of convertible debt	438	-
Noncash lease expense	(1)	(1)
Depreciation	1	-
Foreign exchange loss (gain)	273	(100)
Share-based compensation	-	304
	(1,247)	(886)
Change in working capital items:		
Prepaid expenses	(270)	(28)
Accounts payable and accrued liabilities	(92)	(195)
Net cash used in operating activities	(1,609)	(1,109)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of land and buildings	(16)	-
Net cash used in investing activities	(16)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	664	1,381
Loan repayments	-	(33)
Related party debt repayments	(318)	-
Net cash provided by financing activities	346	1,348
Exchange rate effect on cash and cash equivalents	(170)	(4)
Change in cash and cash equivalents during period	(1,449)	235
Cash and cash equivalents, beginning of period	7,317	307
Cash and cash equivalent, end of period	\$ 5,868	\$ 542
Supplemental cash flow information:		
Amounts paid for interest	\$ 40	\$ 19
Amounts paid for income taxes	-	-
Non-cash financing transactions		
Conversions of debt for common shares	\$ 1,350	\$ 38
Recognition of operating lease liabilities	-	231

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

NioCorp Developments Ltd.**Condensed Consolidated Statements of Shareholders' Equity**

(expressed in thousands of U.S. dollars, except for Common Shares outstanding) (unaudited)

For the three months ended September 30, 2021 and 2020

	Common Shares Outstanding	Common Stock	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, June 30, 2020	235,925,684	\$ 97,682	\$ (94,686)	\$ (355)	\$ 2,641
Exercise of warrants	2,468,521	1,351	-	-	1,351
Exercise of options	209,117	30	-	-	30
Debt conversions	64,298	38	-	-	38
Share issuance costs	-	(1)	-	-	(1)
Share-based compensation	-	304	-	-	304
Reporting currency presentation	-	-	-	(130)	(130)
Loss for the period	-	-	(1,053)	-	(1,053)
Balance, September 30, 2020	238,667,620	\$ 99,404	\$ (95,739)	\$ (485)	\$ 3,180
Balance, June 30, 2021	256,379,931	\$ 113,882	\$ (99,076)	\$ (1,143)	\$ 13,663
Exercise of warrants	871,750	543	-	-	543
Exercise of options	282,702	121	-	-	121
Debt conversions	1,583,986	1,350	-	-	1,350
Reporting currency presentation	-	-	-	109	109
Loss for the period	-	-	(1,960)	-	(1,960)
Balance, September 30, 2021	259,118,369	\$ 115,896	\$ (101,036)	\$ (1,034)	\$ 13,826

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

NioCorp Developments Ltd.

Notes to the Condensed Consolidated Financial Statements

September 30, 2021

(expressed in thousands of U.S. dollars, except per share amounts or as otherwise stated) (unaudited)

1. DESCRIPTION OF BUSINESS

NioCorp Developments Ltd. (“NioCorp” or the “Company”) was incorporated on February 27, 1987, under the laws of the Province of British Columbia and currently operates in one reportable operating segment consisting of exploration and development of mineral deposits in North America, specifically, the Elk Creek Niobium/Scandium/Titanium property (the “Elk Creek Project”) located in southeastern Nebraska.

These financial statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

The Company currently earns no operating revenues and will require additional capital in order to advance the Elk Creek Project to construction and commercial operation. As further discussed in Note 3, the Company’s ability to continue as a going concern is uncertain and is dependent upon obtaining sufficient financing, the generation of profits from mineral properties, and maintaining continued support from its shareholders and creditors.

2. BASIS OF PREPARATION

a) Basis of Preparation and Consolidation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles of the United States of America (“US GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”). The interim condensed consolidated financial statements include the consolidated accounts of the Company and its wholly owned subsidiaries with all significant intercompany transactions eliminated. The accounting policies followed in preparing these interim condensed consolidated financial statements are those used by the Company as set out in the audited consolidated financial statements for the year ended June 30, 2021.

In the opinion of management, all adjustments considered necessary (including reclassifications and normal recurring adjustments) to present fairly the financial position, results of operations, and cash flows at September 30, 2021, and for all periods presented, have been included in these interim condensed consolidated financial statements. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to appropriate SEC rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2021. The interim results are not necessarily indicative of results for the full year ending June 30, 2022, or future operating periods.

During fiscal year 2021 the Company combined the presentation of Additional Paid in Capital into the Common Stock line item in Shareholders’ Equity on the consolidated balance sheets. This presentation change was made as the Company’s common shares are issued at no par value (“Common Shares”), and the fiscal year 2020 presentations were changed to conform with the current period presentation.

b) Recent Accounting Standards

Issued and Adopted

In December 2019, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes” (“ASU 2019-12”). ASU 2019-12 removes certain exceptions to the general principles in ASC Topic 740. ASU 2019-12 is effective for public entities for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company adopted ASU 2019-12 on July 1, 2021, with no material effect on the Company’s current financial position, results of operations or financial statement disclosures.

NioCorp Developments Ltd.

Notes to the Condensed Consolidated Financial Statements

September 30, 2021

(expressed in thousands of U.S. dollars, except per share amounts or as otherwise stated) (unaudited)

Issued and Not Effective

In August 2020, the FASB issued ASU No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40) ("ASU 2020-06"), which simplifies the accounting for convertible instruments. ASU 2020-06 removes certain accounting models which separate the embedded conversion features from the host contract for convertible instruments. Either a modified retrospective method of transition or a fully retrospective method of transition is permissible for the adoption of this standard. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company is currently evaluating the potential impact of the new guidance on our financial statements.

From time to time, new accounting pronouncements are issued by the FASB that are adopted by the Company as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards did not or will not have a material impact on the Company's consolidated financial statements upon adoption.

c) Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the deferred income tax asset valuations, convertible debt valuations, and share-based compensation. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between estimates and the actual results, future results of operations will be affected.

3. GOING CONCERN ISSUES

The Company incurred a loss of \$1,960 for the three months ended September 30, 2021 (2020 - \$1,053) and had an accumulated deficit of \$101,036 as of September 30, 2021. As an exploration stage entity, the Company has not yet commenced its mining operations and accordingly does not generate any revenue. As of September 30, 2021, the Company had cash of \$5,868, which may not be sufficient to fund normal operations and meet debt obligations for the next twelve months without deferring payment on certain current liabilities and raising additional funds. In addition, the Company will be required to raise additional funds for construction and commencement of operations. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue operations and fund its expenditures, which have historically averaged approximately \$1,050 per quarter, is dependent on management's ability to secure additional financing. Management is actively pursuing 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. The Company did not have any further funding commitments or arrangements for additional financing as of September 30, 2021. These consolidated financial statements do not give effect to any adjustments required to realize the Company's 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.

Since March 2020, several measures have been implemented in the United States, Canada, and the rest of the world in response to the increased impact from the novel coronavirus ("COVID-19") pandemic. The full extent to which the COVID-19 pandemic and our precautionary measures may continue to impact our business will depend on future developments, which continue to be highly uncertain and cannot be predicted at this time, including, but not limited to, the duration and geographic spread of the pandemic, its severity, the actions to contain the virus or treat its impact, future spikes of COVID-19 infections resulting in additional preventative

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****September 30, 2021**

(expressed in thousands of U.S. dollars, except per share amounts or as otherwise stated) (unaudited)

measures to contain or mitigate the spread of the virus, the effectiveness, distribution and acceptance of COVID-19 vaccines, including the vaccines' efficacy against emerging COVID-19 variants, and how quickly and to what extent normal economic and operating conditions can resume. We believe this could have an adverse impact on our ability to obtain financing, development plans, results of operations, financial position, and cash flows during the current fiscal year.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note	As of September 30, 2021	June 30, 2021
Accounts payable, trade		\$ 103	\$ 163
Interest payable to related party	7	53	40
Other accruals		154	205
Total accounts payable and accrued liabilities		<u>\$ 310</u>	<u>\$ 408</u>

5. CONVERTIBLE DEBT

	As of September 30, 2021	June 30, 2021
Current Portion		
Nordmin Note	\$ 396	\$ 1,123
Non-Current Portion		
Lind III Convertible Security	<u>\$ 6,599</u>	<u>\$ 6,784</u>

Changes in the convertible security (the "Lind III Convertible Security") issued to Lind Global Asset Management III, LLC, and the convertible note issued to Nordmin Engineering Ltd. (the "Nordmin Note"), are as follows:

	Lind III Convertible Security	Nordmin Note
Balance, June 30, 2021	\$ 6,784	\$ 1,123
Accretion expense	415	23
Conversions	(600)	(750)
Balance, September 30, 2021	<u>\$ 6,599</u>	<u>\$ 396</u>

Based on the closing price of the Company's common shares ("Common Shares") of C\$1.00 per common share Common share as of September 30, 2021, conversion of the remaining Lind III Convertible Security balance, including accrued interest, would require the issuance of approximately 14,239,000 Common Shares. For each C\$0.01 change in the fair value of one Common Share, the total shares the Company would be obligated to issue would change by approximately 144,000 shares.

Based on the Company's closing Common Share price of C\$1.00 per Common Share as of September 30, 2021, conversion of the remaining Nordmin Note balance would require the issuance of 505,000 Common Shares. For each C\$0.01 change in the fair value of one Common Share, the total shares the Company would be obligated to issue would change by approximately 5,000 shares.

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****September 30, 2021**

(expressed in thousands of U.S. dollars, except per share amounts or as otherwise stated) (unaudited)

6. COMMON STOCK

a) Stock Options

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2021	15,965,000	C\$ 0.65
Exercised	(282,702)	0.81
Cancelled/expired	(457,298)	0.94
Balance, September 30, 2021	<u>15,225,000</u>	<u>C\$ 0.64</u>

The following table summarizes information about options to purchase Common Shares ("Options") outstanding at September 30, 2021:

Exercise Price	Expiry Date	Number Outstanding	Aggregate Intrinsic Value	Number Exercisable	Aggregate Intrinsic Value
C\$ 0.76	March 6, 2022	4,500,000	C\$ 1,080	4,500,000	C\$ 1,080
C\$ 0.47	November 9, 2022	3,205,000	1,699	3,205,000	1,699
C\$ 0.84	September 18, 2023	1,050,000	168	1,050,000	168
C\$ 0.54	November 15, 2023	4,120,000	1,895	4,120,000	1,895
C\$ 0.75	December 14, 2023	1,825,000	456	1,825,000	456
C\$ 0.75	December 16, 2023	525,000	131	525,000	131
		<u>15,225,000</u>	<u>C\$ 5,429</u>	<u>15,225,000</u>	<u>C\$ 5,429</u>

The aggregate intrinsic value in the preceding table represents the total intrinsic value, based on the Company's closing Common Share price of C\$1.00 as of September 30, 2021, that would have been received by the Option holders had all Option holders exercised their Options as of that date. The total number of in-the-money Options vested and exercisable as of September 30, 2021, was 15,225,000. As of September 30, 2021, there was \$0 of unrecognized compensation cost related to unvested share-based compensation arrangements granted under the Option plans.

b) Warrants

	Warrants	Weighted Average Exercise Price
Balance June 30, 2021	14,341,868	C\$ 1.16
Exercised	(871,750)	0.78
Balance, September 30, 2021	<u>13,470,118</u>	<u>C\$ 1.18</u>

At September 30, 2021, the Company had outstanding exercisable Common Share purchase warrants ("Warrants"), as follows:

Number	Exercise Price	Expiry Date
500,000	C\$ 0.80	December 18, 2022
4,412,118	C\$ 1.63	May 10, 2023
8,558,000	C\$ 0.97	February 19, 2025
<u>13,470,118</u>		

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****September 30, 2021**

(expressed in thousands of U.S. dollars, except per share amounts or as otherwise stated) (unaudited)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Borrowings under the non-revolving credit facility agreement (the “Smith Credit Facility”) with Mark Smith, Chief Executive Officer, President, and Executive Chairman of NioCorp, bear interest at a rate of 10% and drawdowns from the Smith Credit Facility are subject to a 2.5% establishment fee. Amounts outstanding under the Smith Credit Facility are secured by all of the Company’s assets pursuant to a general security agreement. The Smith Credit Facility contains financial and non-financial covenants customary for a facility of its size and nature. As of September 30, 2021, the principal amount outstanding under the Smith Credit Facility was \$2,000.

On July 23, 2021, the Company paid Mr. Smith \$40 related to accrued interest through June 30, 2021. Accounts payable and accrued liabilities as of September 30, 2021, include accrued interest of \$53 payable under the Smith Credit Facility.

8. EXPLORATION EXPENDITURES

	For the Three Months Ended September 30,	
	2021	2020
Technical studies and engineering	\$ 50	\$ -
Field management and other	124	182
Metallurgical development	436	43
Geologists and field staff	11	-
Total	<u>\$ 621</u>	<u>\$ 225</u>

9. LEASES

The Company incurred lease costs as follows:

	For the three months ended September 30,	
	2021	2020
Operating Lease Cost:		
Fixed rent expense	\$ 21	\$ 29
Variable rent expense	2	2
Short term lease cost	5	3
Sublease income	(5)	(6)
Net lease cost	23	28
Lease cost – other operating expense	23	22
Lease cost – exploration expenditures	-	6
Net lease cost	<u>\$ 23</u>	<u>\$ 28</u>

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****September 30, 2021**

(expressed in thousands of U.S. dollars, except per share amounts or as otherwise stated) (unaudited)

The maturities of lease liabilities are as follows at September 30, 2021:

	Fiscal Year Lease Maturities
2021	\$ 68
2022	92
2023 and thereafter	23
Total lease payments	183
Less portion of payments representing interest	(25)
Present value of lease payments	158
Less current portion of lease liability	(72)
Noncurrent lease liability	\$ 86

10. FAIR VALUE MEASUREMENTS

The Company measures the fair value of financial assets and liabilities based on US GAAP guidance which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized in income.

Financial instruments including receivables, accounts payable and accrued liabilities, and related party loans are carried at amortized cost, which management believes approximates fair value due to the short-term nature of these instruments.

The following tables present information about the assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2021, and June 30, 2021, respectively, and indicate the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical instruments. Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates, and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the financial instrument and include situations where there is little, if any, market activity for the instrument.

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****September 30, 2021**

(expressed in thousands of U.S. dollars, except per share amounts or as otherwise stated) (unaudited)

	Total	As of September 30, 2021		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 5,868	\$ 5,868	\$ -	\$ -
Equity securities	14	14	-	-
Total	<u>\$ 5,882</u>	<u>\$ 5,882</u>	<u>\$ -</u>	<u>\$ -</u>

	Total	As of June 30, 2021		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 7,317	\$ 7,317	\$ -	\$ -
Equity securities	16	16	-	-
Total	<u>\$ 7,333</u>	<u>\$ 7,333</u>	<u>\$ -</u>	<u>\$ -</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our unaudited condensed interim consolidated financial statements as of, and for the three months ended September 30, 2021, and the related notes thereto, which have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). This discussion and analysis contains forward-looking statements and forward-looking information that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements and information as a result of many factors, including, but not limited to, those set forth elsewhere in this Quarterly Report on Form 10-Q. See "Note Regarding Forward-Looking Statements" below.

All currency amounts are stated in thousands of U.S. dollars unless noted otherwise.

As used in this report, unless the context otherwise indicates, references to "we," "our," the "Company," "NioCorp," and "us" refer to NioCorp Developments Ltd. and its subsidiaries, collectively.

Note Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q and the exhibits attached hereto contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). Such forward-looking statements concern our anticipated results and developments in the operations of the Company in future periods, planned exploration activities, the adequacy of the Company's financial resources, and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimates," "potential," "possible," and similar expressions, or statements that events, conditions, or results "will," "may," "could," or "should" (or the negative and grammatical variations of any of these terms) occur or be achieved. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect," "is expected," "anticipates" or "does not anticipate," "plans," "estimates," or "intends," or stating that certain actions, events, or results "may," "could," "would," "might," or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Such forward-looking statements reflect the Company's current views with respect to future events and are subject to certain known and unknown risks, uncertainties, and assumptions. Many factors could cause actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including, among others, risks related to the following:

- risks related to our ability to operate as a going concern;
- risks related to our requirement of significant additional capital;
- risks related to our limited operating history;
- risks related to changes in economic valuations of the Elk Creek Project, such as net present value calculations, changes or disruptions in the securities markets;
- risks related to our history of losses;
- risks related to cost increases for our exploration and, if warranted, development projects;
- risks related to feasibility study results;
- risks related to mineral exploration and production activities;
- risks related to our lack of mineral production from our properties;
- risks related to the results of our metallurgical testing;
- risks related to the establishment of a reserve and resource for rare earth elements and the development of a viable recovery process for rare earth elements;
- risks related to the price volatility of commodities;
- risks related to estimates of mineral resources and reserves;
- risks related to changes in mineral resource and reserve estimates;
- risks related to differences in U.S. and Canadian reserve and resource reporting;
- risks related to our exploration activities being unsuccessful;
- risks related to our ability to obtain permits and licenses for production;

- risks related to government and environmental regulations that may increase our costs of doing business or restrict our operations;
- risks related to proposed legislation that may significantly affect the mining industry;
- risks related to land reclamation requirements;
- risks related to competition in the mining industry;
- risks related to the management of the water balance at our Elk Creek Project;
- risks related to equipment and supply shortages;
- risks related to current and future joint ventures and partnerships;
- risks related to our ability to attract qualified management;
- risks related to the ability to enforce judgment against certain of our Directors;
- risks related to claims on the title to our properties;
- risks related to surface access on our properties;
- risks related to potential future litigation;
- risks related to our lack of insurance covering all our operations;
- risks related to the need for resilience in the face of potential impacts from climate change;
- risks related to a disruption in, or failure of, our information technology (“IT”) systems, including those related to cybersecurity;
- risks related to covenants contained in agreements with our secured creditors that may affect our assets;
- risks related to the extent to which our level of indebtedness may impair our ability to obtain additional financing;
- risks related to our status as a “passive foreign investment company” under the U.S. Internal Revenue Code of 1986, as amended;
- risks related to our Common Shares, including price volatility, lack of dividend payments, dilution and penny stock rules;
- risks related to our status as an “emerging growth company” and the impact of related reduced reporting requirements on our ability to attract investors; and
- risks related to the effects of the COVID-19 pandemic on our business plans, financial condition and liquidity.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties, and other factors, including without limitation those discussed under the heading “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended June 30, 2021, as well as other factors described elsewhere in this report and the Company’s other reports filed with the Securities and Exchange Commission (“SEC”).

The Company’s forward-looking statements contained in this Quarterly Report on Form 10-Q are based on the beliefs, expectations, and opinions of management as of the date of this report. The Company does not assume any obligation to update forward-looking statements if circumstances or management’s beliefs, expectations, or opinions should change, except as required by law. For the reasons set forth above, investors should not attribute undue certainty to, or place undue reliance on, forward-looking statements.

National Instrument 43-101 Compliance

Scott Honan, M.Sc., SME-RM, a qualified person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects (“NI 43-101”), has supervised the preparation of the scientific and technical information that forms the basis for the Elk Creek Project disclosure in this Quarterly Report on Form 10-Q and has approved the disclosure in this Quarterly Report on Form 10-Q related thereto. Mr. Honan is not independent of the Company, as he is the Chief Operating Officer. Additional information on the updated Feasibility Study for the Elk Creek Project (the “2019 Feasibility Study”) is available in our NI 43-101 Technical Report, issued May 29, 2019, which is available under NioCorp’s profile on the Canadian Administrators website at www.sedar.com and on our website at www.niocorp.com/wp-content/uploads/180001_FINAL_43-101_FS_NioCorp_AS_FILED.pdf.

Company Overview

NioCorp is developing the Elk Creek Project, located in southeast Nebraska. The Elk Creek Project is an advanced Niobium (“Nb”)/Scandium (“Sc”)/Titanium (“Ti”) exploration project. Niobium is used to produce various superalloys that are extensively used in high performance aircraft and jet turbines. It also is used in High-Strength, Low-Alloy (“HSLA”) steel, a stronger steel used in automobiles, bridges, structural systems, buildings, pipelines, and other applications that generally increases strength and/or reduces weight, which can result in environmental benefits, including reduced fuel consumption and material usage and fewer air emissions. Scandium can be combined with aluminum to make high-performance alloys with increased strength and improved corrosion resistance. Scandium also is a critical component of advanced solid oxide fuel cells, an environmentally preferred technology for high-reliability, distributed electricity generation. Titanium is a component of various superalloys and other applications that are used for aerospace applications, weapons systems, protective armor, medical implants and many others. It also is used in pigments for paper, paint, and plastics.

Our primary business strategy is to advance our Elk Creek Project to commercial production. We are focused on obtaining additional funds to carry out our near-term planned work programs associated with securing the project financing necessary to complete mine development, construction, commissioning, and operation of the Elk Creek Project.

Emerging Growth Company Status

We qualify as an “emerging growth company” as defined in Section 101 of the Jumpstart our Business Startups Act (“JOBS Act”) as we did not have more than \$1.07 billion in annual gross revenue during our most recently completed fiscal year.

We will lose our status as an emerging growth company on June 30, 2022, which is the fiscal year following the fifth anniversary of the date of the first sale of Common Shares pursuant to an effective registration statement.

As an emerging growth company under the JOBS Act, we have elected to opt out of the extended transition period for complying with new or revised standards pursuant to Section 107(b) of the JOBS Act. The election is irrevocable.

As an emerging growth company, we are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002 and Section 14A(a) and (b) of the Exchange Act. Such sections are described below:

- Section 404(b) of the Sarbanes-Oxley Act of 2002 requires a public company’s auditor to attest to, and report on, management’s assessment of its internal controls.
- Sections 14A(a) and (b) of the Exchange Act, implemented by Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), require companies to hold shareholder advisory votes on executive compensation and golden parachute compensation.

Because we will lose our status as an emerging growth company as of June 30, 2022, we will become subject to Section 14A(a) and (b) of the Exchange Act beginning next fiscal year. However, notwithstanding the loss of our status as an emerging growth company, we will continue to be exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002 for so long as we are neither a “large accelerated filer” nor an “accelerated filer” as those terms are defined in Rule 12b-2 under the Exchange Act.

COVID-19

Since March 2020, several measures have been implemented in the United States, Canada, and the rest of the world in response to the increased impact from the COVID-19 pandemic. The full extent to which the COVID-19 pandemic and our precautionary measures may continue to impact our business will depend on future developments, which continue to be highly uncertain and cannot be predicted at this time, including, but not limited to, the duration and geographic spread of the pandemic, its severity, the actions to contain the virus or treat its impact, future spikes of COVID-19 infections resulting in additional preventative measures to contain or mitigate the spread of the virus, the effectiveness, distribution and acceptance of COVID-19 vaccines, including the vaccines’ efficacy against emerging COVID-19 variants, and how quickly and to what extent normal economic and operating conditions can

resume. We believe this could have an adverse impact on our ability to obtain financing, development plans, results of operations, financial position, and cash flows during the current fiscal year. As a result of the COVID-19 pandemic, the Company is following, and will continue to follow, social distancing, health and safety protocol, business-related social gathering restrictions, and other similar guidelines promulgated by both Colorado and Nebraska governmental officials.

The COVID-19 pandemic continues to create uncertainty with regards to overall project funding timelines and has heightened the risk that we may be unable to secure sufficient additional capital, including but not limited to equity and debt offerings, to fund future expenditures or to maintain our liquidity. It is also possible that the COVID-19 pandemic could further adversely affect our business plans, results of operations, financial condition or liquidity in the future. The impact of the COVID-19 pandemic is fluid and continues to evolve, and therefore, we cannot currently predict the extent to which our business plans, results of operations, financial condition or liquidity will ultimately be impacted.

Recent Corporate Events

On August 30, 2021, the Company joined with a group of rare earth industry players to urge the U.S. Congress to approve bipartisan legislation in order to provide tax incentives for U.S. manufacturing of permanent rare earth magnets.

Elk Creek Project Update

On August 9, 2021, the Company announced the completion of the first phase of testing of Elk Creek Project ore samples using High-Pressure Grinding Rolls (“HPGR”) technology. Testing confirmed that the ore that NioCorp expects to mine from the Elk Creek Project site, subject to receipt of necessary funding, can be successfully processed using HPGR technology, an energy efficient and low-emission alternative for reducing the size of the ore to enable the recovery of niobium, scandium, titanium, and potential rare earth elements (“REEs”).

On August 11, 2021, the Company announced completion of the first stage of metallurgical testing that is designed to optimize the Elk Creek flowsheet and evaluate the potential integration of rare earth recovery to the Elk Creek Project

The metallurgical work was conducted by Salt Lake City-based L3 Process Development (“L3”), which has worked with NioCorp over the past several years on the development and optimization of NioCorp’s planned metallurgical processing facility for the Elk Creek Project.

This new metallurgical testing program is the next step in NioCorp’s goal of implementing the optimization recommendations in the 2019 Feasibility Study for the production of niobium, scandium, and titanium, as well as to demonstrate the potential extraction and recovery of REEs from the ore that NioCorp expects to mine from the Elk Creek Project site, subject to receipt of necessary project funding. L3’s testing recently achieved success by demonstrating, at the bench scale, (1) process alternatives to hydrochloric acid (“HCl”) leach in NioCorp’s planned hydrometallurgical plant, and (2) the ability to selectively reject non-pay metals in the ore samples, including calcium, magnesium, and iron. This selective rejection would facilitate efficient extraction of all pay metals, including REEs.

L3’s process optimization work also includes extensive efforts to re-use and recycle key reagents from NioCorp’s planned hydrometallurgical plant, which further NioCorp’s goal of maximizing the environmentally efficient operation of the Elk Creek mine and processing facility, following the receipt of necessary project funding and construction of the mine and processing facility. We expect that L3’s work will continue in the coming quarters and will include the construction and subsequent operation of a small-scale demonstration plant at their lab facility in Quebec.

On September 9, 2021, the Company announced that it will analyze historic drilling core samples from the Elk Creek deposit in southeast Nebraska in order to compile sufficient data with the aim of publishing an updated Mineral Resource for the Elk Creek Project that includes individual REEs grades and tonnage that may exist in the deposit. The focus of this effort is within the boundaries of the current Mineral Resource. The Company’s REE initiative was launched in response to intense interest by governments, shareholders, and industrial consumers around the world for additional sources of rare earths beyond current suppliers.

On October 4, 2021, the Company announced that elemental analysis of more than 1,000 historic drill core samples from the Elk Creek Project to ascertain concentrations of REEs and other elements had commenced at Activation Laboratories Ltd.'s facility in Ancaster, Ontario. Results from this analysis, along with previous assays, may support an update to the Project's Mineral Resource to include individual REE grades and tonnage.

On October 6, 2021, the Company's senior management team hosted a large group of investors at the Elk Creek Project site for a tour, briefing, and question and answer session.

During the quarter ended September 30, 2021, NioCorp completed an engagement with Cementation US, Inc. ("Cementation") to provide a detailed cost estimate for the engineering associated with the temporary and permanent construction associated with the Elk Creek Project's underground mine, along with a series of technical reviews and optimization studies around key elements of the existing mine design. Should project financing be obtained, this work will accelerate Cementation's ability to mobilize and commence mine construction and may result in cost savings during project execution should Cementation's optimization recommendations be adopted by the Company.

Other Activities

Our long-term financing efforts continued during the quarter ended September 30, 2021. However, as noted above under "*COVID-19*," the COVID-19 pandemic has created uncertainty and continues to impact processes related to the Company's efforts to obtain project financing. As funds become available through the Company's fundraising efforts, we expect to undertake the following activities:

- Continuation of the Company's efforts to secure federal, state and local permits;
- Continued evaluation of the potential to produce rare earth products;
- Negotiation and completion of engineering, procurement and construction agreements;
- Completion of the final detailed engineering for the underground portion of the Elk Creek Project;
- Initiation and completion of the final detailed engineering for surface project facilities;
- Construction of natural gas and electrical infrastructure under existing agreements to serve the Elk Creek Project site;
- Completion of water supply agreements and related infrastructure to deliver fresh water to the project site;
- Initiation of revised mine groundwater investigation and control activities;
- Initiation of long-lead equipment procurement activities; and
- Construction and operation of a small-scale demonstration plant to address process recommendations contained in the 2019 Feasibility Study and REE unit operations.

Financial and Operating Results

The Company has no revenues from mining operations. Operating expenses incurred related primarily to performing exploration activities, as well as the activities necessary to support corporate and shareholder duties and are detailed in the following table.

	For the Three Months Ended September 30,	
	2021	2020
Operating expenses		
Employee-related costs	\$ 319	\$ 319
Professional fees	90	108
Exploration expenditures	621	225
Other operating expenses	226	411
Total operating expenses	1,256	1,063
Change in financial instrument fair value	-	(34)
Foreign exchange loss (gain)	210	(101)
Interest expense	492	127
Loss (gain) on equity securities	2	(2)
Income tax expense	-	-
Net Loss	\$ 1,960	\$ 1,053

Three months ended September 30, 2021 compared to three months ended September 30, 2020

Significant items affecting operating expenses are noted below:

Professional fees declined slightly in 2021 as compared to 2020, primarily due to the timing of legal services and tax preparation costs.

Exploration expenditures increased in 2021 as compared to 2020, reflecting costs incurred in connection with process optimization and REE assay analysis activities.

Other operating expenses include investor relations, general office expenditures, equity offering and proxy expenditures, board-related expenditures and other miscellaneous costs. These costs decreased in 2021 as compared to 2020 primarily due to director options issued in 2020, which were fully vested and expensed on the grant date, offset slightly by increased financial advisory fees incurred in 2021.

Other significant items impacting the change in the Company's net loss are noted below:

Foreign exchange (gain) loss is primarily due to changes in the U.S. dollar against the Canadian dollar and reflects the timing of foreign currency transactions, primarily U.S. dollar-based related party loans, and subsequent changes in exchange rates, and the loss during 2021 as compared to a gain in 2020 is due to an increase in the U.S. dollar relative to the Canadian dollar in 2021, and a decrease in the U.S. dollar relative to the Canadian dollar in 2020.

Interest expense increased in 2021 as compared to 2020 primarily due to the accretion of the Nordmin Note, which was issued in December 2020, as well as accretion of the Lind III Convertible Security, which was issued in February 2021.

Liquidity and Capital Resources

We have no revenue generating operations from which we can internally generate funds. To date, our ongoing operations have been financed by the sale of our equity securities by way of private placements, convertible securities issuances, the exercise of incentive stock options and share purchase warrants, and related party loans. While the COVID-19 pandemic has created uncertainty with respect to overall project funding timelines, we believe that we will be able to secure additional private placement financings in the future, although we cannot predict the timing, size, or pricing of any such financings. In addition, we could raise funds through the sale of interests in our mineral properties, although current market conditions and the impacts of the COVID-19 pandemic have substantially reduced the number of potential buyers/acquirers of any such interests. However, we cannot provide any assurances that we will be able to be successful in raising such funds.

As of September 30, 2021, the Company had cash of \$5.9 million and a working capital surplus of \$3.4 million, compared to cash of \$7.3 million and working capital surplus of \$3.4 million on June 30, 2021.

We expect that the Company will operate at a loss for the foreseeable future. The Company's current planned operational needs are approximately \$5.3 million until June 30, 2022. In addition to outstanding accounts payable and short-term liabilities, our average monthly expenditures are approximately \$340 per month where approximately \$250 is for corporate overhead and estimated costs related to securing financing necessary for advancement of the Elk Creek Project. Approximately \$90 per month is planned for expenditures relating to the advancement of Elk Creek Project by NioCorp's wholly owned subsidiary, Elk Creek Resources Corp. The Company's ability to continue operations and fund our current work plan is dependent on management's ability to secure additional financing.

The Company anticipates that it may not have sufficient cash to continue to fund basic operations for the next twelve months, and additional funds totaling \$0.5 million to \$1.0 million are likely to be necessary to continue advancing

the project in the areas of financing, permitting, and detailed engineering. Management is actively pursuing such additional sources of debt and equity 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.

Elk Creek property lease commitments are \$15 until June 30, 2022. To maintain our currently held properties and fund our currently anticipated general and administrative costs and planned exploration and development activities at the Elk Creek Project for the fiscal year ending June 30, 2022, the Company will likely require additional financing during the current fiscal year. Should such financing not be available in that timeframe, we will be required to reduce our activities and will not be able to carry out all our presently planned activities at the Elk Creek Project.

We currently have no further funding commitments or arrangements for additional financing at this time, other than the potential exercise of options and warrants, and there is no assurance that we will be able to obtain additional financing on acceptable terms, if at all. There is significant uncertainty that we will be able to secure any additional financing in the current equity or debt markets. The quantity of funds to be raised and the terms of any proposed equity or debt financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Management is currently pursuing funding sources of both debt and equity financing, including but not limited to the issuance of equity securities in the form of Common Shares, Warrants, subscription receipts, or any combination thereof in units of the Company pursuant to private placements to accredited investors or pursuant to equity lines of credit or public offerings in the form of underwritten/brokered offerings, at-the-market offerings, registered direct offerings, or other forms of equity financing and public or private issuances of debt securities including secured and unsecured convertible debt instruments or secured debt project financing. Management does not currently know the terms pursuant to which such financings may be completed in the future, but any such financings will be negotiated at arm's length. Future financings involving the issuance of equity securities or derivatives thereof will likely be completed at a discount to the then-current market price of the Company's securities and will likely be dilutive to current shareholders.

Based on the conditions described within, management has concluded and the audit opinion and notes that accompany our financial statements for the year ended June 30, 2021, disclose that substantial doubt exists as to our ability to continue in business. The financial statements included in this Quarterly Report on Form 10-Q have been prepared under the assumption that we will continue as a going concern. We are an exploration stage company and we have incurred losses since our inception. We may not have sufficient cash to fund normal operations and meet debt obligations for the next twelve months without deferring payment on certain current liabilities and raising additional funds. The continuing COVID-19 pandemic has resulted in business travel restrictions and capital market disruptions, and this has had an adverse impact on our ability to obtain financing, development plans, results of operations, financial position, and cash flows during the current fiscal year. We believe that the going concern uncertainty cannot be alleviated with confidence until the Company has entered into a business climate where funding of its planned ongoing operating activities is secured. Therefore, these factors raise substantial doubt as to our ability to continue as a going concern.

We have no exposure to any asset-backed commercial paper. Other than cash held by our subsidiaries for their immediate operating needs in Colorado and Nebraska, all of our cash reserves are on deposit with major United States and Canadian chartered banks. We do not believe that the credit, liquidity, or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of our capital, we have, of necessity, been required to accept lower rates of interest, which has also lowered our potential interest income.

Operating Activities

During the three months ended September 30, 2021, the Company's operating activities consumed \$1.6 million of cash (2020: \$1.1 million). The cash used in operating activities for the three months ended September 30, 2021, reflects the Company's funding of losses of \$2.0 million, partially offset by the accretion of convertible debt, other non-cash transactions and a \$0.3 million increase in prepaid expenses. Overall, operational outflows during the three months ended September 30, 2021, increased from the corresponding period of 2020 due to an increase in spending at the Elk Creek Project and a prepayment related to planned process optimization testing. Going forward, the Company's working capital requirements are expected to increase substantially in connection with the development of the Elk Creek Project.

Financing Activities

Financing inflows were \$0.3 million during the three months ended September 30, 2021, as compared to \$1.3 million during the corresponding period in 2020, primarily reflecting the timing of warrant and option exercises during the comparative periods.

Cash Flow Considerations

As noted above under “*COVID-19*,” the COVID-19 pandemic has created uncertainty with respect to overall project funding timelines. The Company has historically relied upon debt and equity financings to finance its activities. The Company may pursue additional debt and/or equity financing in the medium term; however, there can be no assurance the Company will be able to obtain any required financing in the future on acceptable terms.

The Company has limited financial resources compared to its proposed expenditures, no source of operating income, and no assurance that additional funding will be available to it for current or future projects, although the Company has been successful in the past in financing its activities through the sale of equity securities.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions, including the impacts of the COVID-19 pandemic on the timing and availability of funding, and its success in developing the Elk Creek Project. Any quoted market for the Common Shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows, or earnings, and any depression of the trading price of the Common Shares could impact its ability to obtain equity financing on acceptable terms.

Historically, the Company has used net proceeds from issuances of Common Shares to provide sufficient funds to meet its near-term exploration and development plans and other contractual obligations when due. However, development and construction of the Elk Creek Project will require substantial additional capital resources. This includes near-term funding and, ultimately, funding for Elk Creek Project construction and other costs. See “*Liquidity and Capital Resources*” above for the Company’s discussion of arrangements related to possible future financings.

Contractual Obligations

There have been no material changes to our contractual obligations discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the heading “Contractual Obligations” as of June 30, 2021, in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Policies

There have been no material changes in our critical accounting policies discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the heading “Critical Accounting Policies” as of June 30, 2021, in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

Certain U.S. Federal Income Tax Considerations

The Company has been a “passive foreign investment company” (“PFIC”) as defined under Section 1297 of the U.S. Internal Revenue Code of 1986, as amended, in recent years and expects to continue to be a PFIC in the future. Current and prospective United States shareholders should consult their tax advisors as to the tax consequences of PFIC classification and the U.S. federal tax treatment of PFICs. Additional information on this matter is included in the “Risk Factors” section of the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2021, under the heading “Risks Related to the Common Shares.”

Other

The Company has one class of shares, being Common Shares. A summary of outstanding shares, share options, warrants, and convertible debt option as of November 5, 2021, is set out below, on a fully-diluted basis.

	Common Shares Outstanding (fully diluted)
Common Shares	261,480,164
Stock options ¹	15,025,000
Warrants ¹	13,470,118
Convertible Debt ²	12,205,882

¹ Each exercisable into one Common Share

² Represents Common Shares issuable on conversion of aggregate outstanding principal amounts of US\$8.5 million of convertible debt as of November 5, 2021, assuming a market price per Common Share of \$0.80 on that date.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

The Company’s exposure to changes in market interest rates, relates primarily to the Company’s earned interest income on cash deposits and short-term investments. The Company maintains a balance between the liquidity of cash assets and the interest rate return thereon. The carrying amount of financial assets, net of any provisions for losses, represents the Company’s maximum exposure to credit risk.

Foreign currency exchange risk

The Company incurs expenditures in both U.S. dollars and Canadian dollars. Canadian dollar expenditures are primarily related to certain Common Share-related costs and corporate professional services. As a result, currency exchange fluctuations may impact the costs of our operating activities. To reduce this risk, we maintain sufficient cash balances in Canadian dollars to fund expected near-term expenditures.

Commodity price risk

The Company is exposed to commodity price risk related to the elements associated with the Elk Creek Project. A significant decrease in the global demand for these elements may have a material adverse effect on our business. The Elk Creek Project is not in production, and the Company does not currently hold any commodity derivative positions.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, an evaluation was carried out under the supervision of and with the participation of our management, including the CEO and the Chief Financial Officer (“CFO”), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). Based on that evaluation, the CEO and the CFO have concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by us

in reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including the CEO and the CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Management does not expect that our disclosure controls and procedures will prevent all error and all fraud. The effectiveness of our or any system of disclosure controls and procedures, however well designed and operated, can provide only reasonable assurance that the objectives of the system will be met and is subject to certain limitations, including the exercise of judgment in designing, implementing and evaluating controls and procedures and the assumptions used in identifying the likelihood of future events.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three months ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We know of no material, active, or pending legal proceedings against the Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers, or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

ITEM 1A. RISK FACTORS

There have been no changes to the risk factors set forth under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Pursuant to Section 1503(a) of the Dodd-Frank Act, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose specified information about mine health and safety in their periodic reports. These reporting requirements are based on the safety and health requirements applicable to mines under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") which is administered by the U.S. Department of Labor's Mine Safety and Health Administration ("MSHA"). During the three-month period ended September 30, 2021, the Company and its subsidiaries and their properties or operations were not subject to regulation by MSHA under the Mine Act and thus no disclosure is required under Section 1503(a) of the Dodd-Frank Act.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Title
<u>3.1(1)</u>	<u>Notice of Articles dated April 5, 2016</u>
<u>3.2(1)</u>	<u>Articles, as amended, effective as of January 27, 2015</u>
<u>31.1</u>	<u>Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>31.2</u>	<u>Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1</u>	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
<u>32.2</u>	<u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS(2)	Inline XBRL Instance Document
101.SCH(2)	Inline XBRL Taxonomy Extension- Schema
101.CAL(2)	Inline XBRL Taxonomy Extension – Calculations
101.DEF(2)	Inline XBRL Taxonomy Extension – Definitions
101.LAB(2)	Inline XBRL Taxonomy Extension – Labels
101.PRE(2)	Inline XBRL Taxonomy Extension – Presentations
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

- (1) Previously filed as an exhibit to the Company's Draft Registration Statement on Form S-1 (Registration No. 377-01354) submitted to the SEC on July 26, 2016, and incorporated herein by reference.
- (2) Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in inline XBRL (Extensible Business Reporting Language): (i) the Condensed Interim Consolidated Balance Sheets as of September 30, 2021 and June 30, 2021, (ii) the Condensed Interim Consolidated Statements of Operations and Comprehensive Loss for the Three Months ended September 30, 2021 and 2020, (iii) the Condensed Interim Consolidated Statements of Cash Flows for the Three Months ended September 30, 2021 and 2020, (iv) the Condensed Interim Consolidated Statements of Shareholders' Equity for the Three Months ended September 30, 2021 and 2020 and (v) the Notes to the Condensed Interim Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NIOCORP DEVELOPMENTS LTD.

(Registrant)

By: /s/ Mark A. Smith
Mark A. Smith
President, Chief Executive Officer and
Executive Chairman
(Principal Executive Officer)

Date: November 5, 2021

By: /s/ Neal Shah
Neal Shah
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 5, 2021

CERTIFICATION

I, Mark A. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NioCorp Developments Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

By: /s/ Mark A. Smith

Mark A. Smith
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Neal Shah, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NioCorp Developments Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

By: /S/ Neal Shah

Neal Shah
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of NioCorp Developments Ltd. (the "Company"), for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Smith, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 5, 2021

By: /S/ Mark A. Smith

Mark A. Smith
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of NioCorp Developments Ltd. (the "Company"), for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neal Shah, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 5, 2021

By: /S/ Neal Shah

Neal Shah
Chief Financial Officer
(Principal Financial and Accounting Officer)
