

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 December 31, 2023

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: 001-41655



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: (720) 334-7066

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without par value	NB	The Nasdaq Stock Market LLC
Warrants, each exercisable for 1.11829212 Common Shares	NIOBW	The Nasdaq Stock Market LLC

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	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 February 13, 2024, the registrant had 34,915,511 Common Shares outstanding.

TABLE OF CONTENTS

	Page
<u>PART I — FINANCIAL INFORMATION</u>	
<u>ITEM 1. FINANCIAL STATEMENTS</u>	1
<u>ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	16
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	25
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	26
<u>PART II — OTHER INFORMATION</u>	
<u>ITEM 1. LEGAL PROCEEDINGS</u>	28
<u>ITEM 1A. RISK FACTORS</u>	28
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	28
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	28
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	28
<u>ITEM 5. OTHER INFORMATION</u>	28
<u>ITEM 6. EXHIBITS</u>	29
<u>SIGNATURES</u>	30

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Contents

	Page
<u>Condensed consolidated balance sheets as of December 31, 2023 and June 30, 2023 (unaudited).</u>	2
<u>Condensed consolidated statements of operations and comprehensive loss for the three and six months ended December 31, 2023 and 2022 (unaudited).</u>	3
<u>Condensed consolidated statements of cash flows for the six months ended December 31, 2023 and 2022 (unaudited).</u>	4
<u>Condensed consolidated statements of shareholders' (deficit) equity and redeemable noncontrolling interest for the three and six months ended December 31, 2023 and 2022 (unaudited).</u>	5
<u>Notes to condensed consolidated financial statements (unaudited).</u>	6 - 15

NioCorp Developments Ltd.
Condensed Consolidated Balance Sheets
(expressed in thousands of U.S. dollars, except share data) (unaudited)

	Note	As of December 31, 2023	June 30, 2023
ASSETS			
Current			
Cash and cash equivalents		\$ 634	\$ 2,341
Prepaid expenses and other		432	1,385
Total current assets		1,066	3,726
Non-current			
Deposits		35	35
Investment in equity securities		7	9
Right-of-use assets		209	236
Land and buildings, net		838	839
Mineral properties		16,085	16,085
Total assets		\$ 18,240	\$ 20,930
LIABILITIES			
Current			
Accounts payable and accrued liabilities	4	\$ 4,001	\$ 3,491
Convertible debt, current portion	5	5,506	-
Warrant liability, at fair value	7c	2,093	-
Operating lease liability	9	95	71
Total current liabilities		11,695	3,562
Non-current			
Convertible debt		-	10,561
Warrant liabilities, at fair value	7c	3,040	4,989
Earnout Shares liability, at fair value	6	7,622	10,521
Operating lease liability	9	135	164
Total liabilities		22,492	29,797
Commitments and contingencies	9		
Redeemable noncontrolling interest		1,830	2,100
SHAREHOLDERS' DEFICIT			
Common shares, no par value, unlimited shares authorized; 34,091,844 and 31,202,131 shares outstanding, respectively	7	151,810	140,421
Accumulated deficit		(156,981)	(150,477)
Accumulated other comprehensive loss		(911)	(911)
Total shareholders' deficit		(6,082)	(10,967)
Total liabilities, redeemable noncontrolling interest, and shareholders' deficit		\$ 18,240	\$ 20,930

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)

	Note	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
		2023	2022	2023	2022
Operating expenses					
Employee related costs		\$ 328	\$ 291	\$ 650	\$ 584
Professional fees		952	262	2,139	426
Exploration expenditures	8	828	1,317	1,928	2,605
Other operating expenses		809	331	1,643	668
Total operating expenses		2,917	2,201	6,360	4,283
Other gain		-	(13)	-	(13)
Change in fair value of Earnout Shares liability	6	(806)	-	(2,899)	-
Change in fair value of warrant liability	7c	71	341	144	84
Debt extinguishment		-	-	-	1,622
Foreign exchange loss (gain)		28	(64)	17	109
Interest expense (income)	5	1,176	(38)	3,251	220
Loss on equity securities		1	2	2	1
Loss before income taxes		3,387	2,429	6,875	6,306
Income tax benefit		-	-	(101)	-
Net loss		3,387	2,429	6,774	6,306
Net loss attributable to redeemable noncontrolling interest		96	-	270	-
Net loss attributable to the Company	2d	\$ 3,291	\$ 2,429	\$ 6,504	\$ 6,306
Other comprehensive loss:					
Net loss		\$ 3,387	\$ 2,429	\$ 6,774	\$ 6,306
Other comprehensive loss:					
Reporting currency translation		-	25	-	30
Total comprehensive loss		3,387	2,454	6,774	6,336
Comprehensive loss attributable to redeemable noncontrolling interest		96	-	270	-
Comprehensive loss attributable to the Company		\$ 3,291	\$ 2,454	\$ 6,504	\$ 6,336
Loss per common share, basic and diluted	2d	\$ 0.09	\$ 0.09	\$ 0.18	\$ 0.23
Weighted average common shares outstanding, basic and diluted		33,255,557	28,056,263	32,555,092	27,924,447

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 Six Months Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (6,774)	\$ (6,306)
Adjustments for:		
Change in fair value of Earnout Shares liability	(2,899)	-
Change in fair value of warrant liabilities	144	84
Accretion of convertible debt	3,251	121
Loss on debt extinguishment	-	1,622
Fair value of private placement warrants	102	-
Loss on Yorkville equity facility shares issued	63	-
Foreign exchange loss	-	151
Gain on sale of assets	-	(13)
Depreciation	1	1
Unrealized loss on equity securities	2	1
Non-cash lease activity	22	(4)
	(6,088)	(4,343)
Change in working capital items:		
Prepaid expenses and other	953	289
Accounts payable and accrued liabilities	510	(70)
Net cash used in operating activities	(4,625)	(4,124)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	-	21
Net cash provided by investing activities	-	21
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	3,054	11
Share issue costs	(136)	(21)
Payment of deferred transaction costs	-	(537)
Net cash provided by (used in) financing activities	2,918	(547)
Exchange rate effect on cash and cash equivalents	-	(206)
Change in cash and cash equivalents during period	(1,707)	(4,856)
Cash and cash equivalents, beginning of period	2,341	5,280
Cash and cash equivalents, end of period	\$ 634	\$ 424
Supplemental cash flow information:		
Amounts paid for interest	\$ -	\$ -
Amounts paid for income taxes	-	-
Non-cash investing and financing transactions:		
Conversion of debt for common shares	\$ 8,306	\$ 1,950
Deferred transaction costs, accrued but not paid	-	3,800

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

NioCorp Developments Ltd.
Condensed Consolidated Statements of Shareholders' (Deficit) Equity and Redeemable Noncontrolling Interest

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

	Common Shares Outstanding	Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total	Redeemable Noncontrolling Interest
Balance, September 30, 2022	27,939,322	\$ 130,684	\$ (114,274)	\$ (998)	\$ 15,412	\$ -
Exercise of options	260,581	11	-	-	11	-
Debt conversions	42,160	300	-	-	300	-
Foreign currency translation adjustment	-	-	-	(25)	(25)	-
Loss for the period	-	-	(2,429)	-	(2,429)	-
Balance, December 31, 2022	28,242,063	\$ 130,995	\$ (116,703)	\$ (1,023)	\$ 13,269	\$ -
Balance, September 30, 2023	32,913,419	\$ 147,697	\$ (153,690)	\$ (911)	\$ (6,904)	\$ 1,926
Exercise of options	7,800	-	-	-	-	-
Private placement	413,432	1,393	-	-	1,393	-
Yorkville equity facility draws	75,000	244	-	-	244	-
Debt conversions	682,193	2,577	-	-	2,577	-
Share issuance costs	-	(101)	-	-	(101)	-
Loss for the period	-	-	(3,291)	-	(3,291)	(96)
Balance, December 31, 2023	34,091,844	\$ 151,810	\$ (156,981)	\$ (911)	\$ (6,082)	\$ 1,830
Balance, June 30, 2022	27,667,060	\$ 129,055	\$ (110,397)	\$ (993)	\$ 17,665	\$ -
Exercise of options	260,581	11	-	-	11	-
Debt conversions	314,422	1,950	-	-	1,950	-
Share issuance costs	-	(21)	-	-	(21)	-
Foreign currency translation adjustment	-	-	-	(30)	(30)	-
Loss for the period	-	-	(6,306)	-	(6,306)	-
Balance, December 31, 2022	28,242,063	\$ 130,995	\$ (116,703)	\$ (1,023)	\$ 13,269	\$ -
Balance, June 30, 2023	31,202,131	\$ 140,421	\$ (150,477)	\$ (911)	\$ (10,967)	\$ 2,100
Exercise of options	7,800	-	-	-	-	-
Private placements	663,432	2,393	-	-	2,393	-
Yorkville equity facility draws	220,000	829	-	-	829	-
Debt conversions	1,998,481	8,306	-	-	8,306	-
Share issuance costs	-	(139)	-	-	(139)	-
Loss for the period	-	-	(6,504)	-	(6,504)	(270)
Balance, December 31, 2023	34,091,844	\$ 151,810	\$ (156,981)	\$ (911)	\$ (6,082)	\$ 1,830

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

NioCorp Developments Ltd.
Notes to the Condensed Consolidated Financial Statements
December 31, 2023

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

1. DESCRIPTION OF BUSINESS

NioCorp Developments Ltd. (“we,” “us,” “our,” “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 development-stage property (the “Elk Creek Project”) located in southeastern Nebraska.

In October 2023, NioCorp Technologies Ltd. (“Technologies”), a wholly owned subsidiary of the Company, was incorporated in the United Kingdom (the “UK”). The initial capital contribution in Technologies was £100 for 100 ordinary shares. Technologies was formed to provide the ability to take advantage of various business opportunities in the UK, including research and development of aluminum-scandium alloys.

These interim condensed consolidated 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, these matters raised substantial doubt about the Company’s ability to continue as a going concern, and the Company is dependent upon the generation of profits from mineral properties, obtaining additional financing and maintaining continued support from its shareholders and creditors.

2. BASIS OF PREPARATION

a) Basis of Preparation and Consolidation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles of the United States of America (“U.S. 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, 2023. Certain transactions include reference to Canadian dollars (“C\$”) where applicable.

In the opinion of management, all adjustments considered necessary (including normal recurring adjustments) for a fair statement of the financial position, results of operations, and cash flows at December 31, 2023, 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 U.S. 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, 2023. The interim results are not necessarily indicative of results for the full year ending June 30, 2024, or future operating periods.

b) Recent Accounting Standards

Issued and Not Effective

In October 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-06, *Disclosure Improvements - Codification Amendment in Response to the SEC’s Disclosure Update and Simplification Initiative*. The amendments in this update modify the disclosure or presentation requirements of a variety of Topics in the Accounting Standards Codification (“ASC”) in response to the SEC’s Release No. 33-10532,

NioCorp Developments Ltd.
Notes to the Condensed Consolidated Financial Statements
December 31, 2023

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

Disclosure Update and Simplification Initiative, and align the ASC's requirements with the SEC's regulations. For entities subject to the SEC's existing disclosure requirements, the effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the ASC and not become effective. Early adoption is prohibited. We are currently in the process of evaluating the impact of the amendment on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The amendments will require public entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker and included within segment profit and loss. The amendments are effective for the Company's annual periods beginning July 1, 2024, and interim periods beginning July 1, 2025, with early adoption permitted, and will be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for the Company's annual periods beginning June 1, 2025, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures.

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 U.S. 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 carrying value of long-term assets, deferred income tax assets and related valuations, liabilities related to the Earnout Shares, Private Warrants, and Contingent Consent Warrants (each, as defined below), 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.

d) Basic and Diluted Earnings per Share

The Company utilizes the weighted average method to determine the impact of changes in a participating security on the calculation of loss per share. The following table sets forth the computation of the Company's basic and diluted net loss per share attributable to common shareholders:

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****December 31, 2023**

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

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2023	2022	2023	2022
Net loss	\$ 3,387	2,429	\$ 6,774	\$ 6,306
Adjust: Net loss attributable to noncontrolling interest	(96)	-	(270)	-
Net loss available to participating securities	3,291	2,429	6,504	6,306
Net loss attributable to vested shares of ECRC Class B common stock	(321)	-	(580)	-
Net loss attributed to common shareholders - basic and diluted	\$ 2,970	2,429	\$ 5,924	\$ 6,306
Denominator:				
Weighted average shares outstanding – basic and diluted	33,255,557	28,056,263	32,555,092	27,924,447
Loss per Common Share outstanding – basic and diluted	\$ 0.09	0.09	\$ 0.18	\$ 0.23

The following common shares, no par value, of the Company (“Common Shares”) underlying options to purchase Common Shares (“Options”), Common Share purchase warrants (“Warrants”), and outstanding convertible debt were antidilutive due to a net loss in the periods presented and, therefore, were excluded from the dilutive securities computation for the three- and six-month periods indicated below.

	For the Three and Six Months Ended December 31,	
	2023	2022
Excluded potentially dilutive securities ⁽¹⁾⁽²⁾ :		
Options	938,000	996,000
Warrants	19,032,421	1,801,624
Convertible debt	2,089,860	81,600
Total potential dilutive securities	22,060,281	2,879,224

(1) The number of shares is based on the maximum number of shares issuable on exercise or conversion of the related securities as of the period end. Such amounts have not been adjusted for the treasury stock method or weighted average outstanding calculations as required if the securities were dilutive.

(2) Earnout Shares are excluded as the vesting terms were not met as of the end of the reporting period.

3. GOING CONCERN

The Company incurred a loss of \$6,774 for the six months ended December 31, 2023 (2022 - \$6,306) and had a working capital deficit of \$10,629 and an accumulated deficit of \$156,981 as of December 31, 2023. As a development stage issuer, the Company has not yet commenced its mining operations and accordingly does not generate any revenue. As of December 31, 2023, the Company had cash of \$634, which will not be sufficient to fund normal operations for the next twelve months. These conditions and events raise substantial doubt about the Company’s ability to continue as a going concern.

In response to these conditions and events, the Company plans to obtain additional financing. NioCorp expects to have access to up to \$61,796 in net proceeds from the Standby Equity Purchase Agreement, dated January 26, 2023 (the “Yorkville Equity Facility Financing Agreement”), between

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****December 31, 2023**

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

the Company and YA II PN, Ltd., an investment fund managed by Yorkville Advisors Global, LP (“Yorkville”), through April 1, 2026. In addition, the Company may pursue 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. Other than the potential issuance of Common Shares under the Yorkville Equity Facility Financing Agreement, the Company did not have any further funding commitments or arrangements for additional financing as of December 31, 2023. The Company’s plans to obtain additional financing have not been finalized, are subject to market conditions, and are not within the Company’s control and therefore cannot be deemed probable. Further, the Company will be required to raise additional funds for the construction and commencement of operations. As a result, the Company has concluded that management’s plans do not alleviate substantial doubt about the Company’s ability to continue as a going concern.

These interim condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	As of June 30, 2023
Accounts payable, trade	\$ 3,160	\$ 1,990
Trade payable accruals	765	1,324
Income taxes payable	-	101
Environmental accruals	48	48
Loan origination fees payable to related party	28	28
Total accounts payable and accrued liabilities	<u>\$ 4,001</u>	<u>\$ 3,491</u>

5. CONVERTIBLE DEBT

The unsecured convertible debentures (the “Convertible Debentures”) issued to Yorkville pursuant to the Securities Purchase Agreement, dated January 26, 2023 (as amended, the “Yorkville Convertible Debt Financing Agreement”), between the Company and Yorkville, have a maturity date of September 17, 2024, and are classified as a current liability as of December 31, 2023. Changes in the Convertible Debentures are as follows:

	Amount
Opening balance, June 30, 2023	\$ 10,561
Accretion expense	3,251
Principal and accrued interest converted	(8,306)
Balance, December 31, 2023	\$ 5,506
Add: Unamortized debt issuance costs	494
Remaining principal balance, December 31, 2023	<u>\$ 6,000</u>

Based on the Company’s closing Common Share price of \$3.19 as of December 31, 2023, conversion of the remaining Convertible Debenture balance, including accrued interest, would require the issuance of approximately 2,089,860 Common Shares. For each \$0.10 change in the fair value of one Common Share, the total shares the Company would be obligated to issue would change by approximately 67,600 shares.

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****December 31, 2023**

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

6. CLASS B COMMON STOCK OF ECRC

The shares of Class B common stock of Elk Creek Resource Corporation (“ECRC”), an indirect, majority-owned subsidiary of NioCorp formerly known as GX Acquisition Corp. II (“GXII”), the rights of the holders of which to exchange such shares into Common Shares are subject to certain vesting conditions (such shares of ECRC Class B common stock, the “Earnout Shares”), were valued utilizing a Monte Carlo Simulation pricing model with the following primary inputs:

Key Valuation Input	December 31, 2023	June 30, 2023
Closing Common Share price	\$3.19	\$5.03
Term (expiry)	March 17, 2033	March 17, 2033
Volatility	54.8%	33.5%
Risk-free rate	3.88%	3.83%

The following table sets forth a summary of the changes in the fair value of the Earnout Shares liability for the three- and six-month periods ended December 31, 2023:

	Amount
Fair value as of June 30, 2023	\$ 10,521
Change in fair value	(2,093)
Fair value as of September 30, 2023	8,428
Change in fair value	(806)
Fair value as of December 31, 2023	<u>\$ 7,622</u>

7. COMMON SHARES**a) Issuance**

On September 1, 2023, the Company closed a non-brokered private placement (the “September 2023 Private Placement”) of units of the Company (the “September 2023 Units”). A total of 250,000 September 2023 Units were issued at a price per September 2023 Unit of \$4.00, for total gross proceeds to the Company of \$1,000. Each September 2023 Unit consists of one Common Share and one Warrant (“September 2023 Warrant”). Each September 2023 Warrant entitles the holder to acquire one Common Share at a price of \$4.60 at any time prior to September 1, 2025. Proceeds of the September 2023 Private Placement will be used for continued advancement of the Company’s Elk Creek Critical Minerals Project and for working capital and general corporate purposes.

The September 2023 Warrants were classified as an equity instrument and accordingly, the net proceeds of \$962 were allocated based on the relative fair values of the Common Shares and the September 2023 Warrants on the date of issuance. The amount allocated to the fair value of the September 2023 Warrants was \$254 and the balance of the proceeds of \$708 was allocated to the Common Shares. The fair value of the September 2023 Warrants issued was computed using the Black Scholes option pricing model using the following assumptions: an expected life of 2.0 years, a risk-free interest rate of 4.85%, an expected volatility of 71.63%, and an expected dividend rate of 0%.

On December 22, 2023, the Company closed a non-brokered private placement (the “December 2023 Private Placement”) of 413,432 units of the Company (the “December 2023 Units”). Each December 2023 Unit consists of one Common Share and one Warrant (“December 2023 Warrant”). Each December 2023 Warrant entitles the holder to acquire one Common Share at a price of \$3.54 at any time until December 22, 2025. 274,587 of the December 2023 Units were issued and sold to certain accredited investors, who are not affiliated

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****December 31, 2023**

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

with the Company but with whom the Company had a pre-existing relationship, at a price of \$3.08 per December 2023 Unit, and 138,845 of the December 2023 Units were issued and sold to certain officers and directors of the Company (the "Insider Investors"), at a price of \$3.205 per December 2023 Unit. The price per December 2023 Unit paid by the Insider Investors included \$0.125 per December 2023 Warrant underlying each December 2023 Unit purchased by the Insider Investors which allowed the Insider Investors to participate in the December 2023 Private Placement in accordance with the rules of The Nasdaq Stock Market LLC ("Nasdaq"). The Company received aggregate gross proceeds from the December 2023 Private Placement of approximately \$1,290. Proceeds of the December 2023 Private Placement will be used for continued advancement of the Elk Creek Project and for working capital and general corporate purposes. The Company recorded a non-cash expense of \$92 and \$10 to other operating expense and employee related costs, respectively, representing the excess of fair value of the December 2023 Units over the purchase price paid by Insider Investors.

The December 2023 Warrants were classified as an equity instrument and accordingly, the estimated net proceeds of \$1,241 were allocated based on the relative fair values of the Common Shares and the December 2023 Warrants on the date of issuance. The amount allocated to the fair value of the December 2023 Warrants was \$264 and the balance of the proceeds of \$977 was allocated to the Common Shares. The fair value of the December 2023 Warrants issued was computed using the Black Scholes option pricing model using the following assumptions: an expected life of 2.0 years, a risk-free interest rate of 4.33%, an expected volatility of 54.8%, and an expected dividend rate of 0%.

The Company issued the following Common Shares under the Yorkville Equity Facility Financing Agreement during the six months ended December 31, 2023:

Date	Common Shares Issued	Gross Funds Received	Market Value of Shares Issued	Loss on Transaction
September 12, 2023	70,000	\$ 259	\$ 271	\$ 12
September 18, 2023	75,000	273	314	41
November 30, 2023	75,000	234	244	10

Loss on transaction represents a non-cash expense equal to the difference between the proceeds received and the fair value of the Common Shares issued based on the Nasdaq closing price per Common Share on the issuance date and is recorded in other operating expenses in the consolidated statement of operations and comprehensive loss.

b) Stock Options

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2023	1,541,500	C\$ 9.64
Exercised	(7,800)	5.40
Cancelled/expired	(595,700)	7.37
Balance, December 31, 2023	938,000	C\$ 11.12

The following table summarizes information about Options outstanding at December 31, 2023:

Exercise Price	Expiry Date	Number Outstanding	Aggregate Intrinsic Value	Number Exercisable	Aggregate Intrinsic Value
C\$ 13.60	December 17, 2024	350,000	-	350,000	-
C\$ 11.00	May 30, 2025	50,000	-	50,000	-
C\$ 9.52	March 27, 2026	538,000	-	538,000	-
		938,000	\$ -	938,000	\$ -

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****December 31, 2023**

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

c) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2023	18,816,304	\$ 10.98
Granted	663,432	3.94
Exercised	-	-
Cancelled	(447,315)	8.94
Balance, December 31, 2023	19,032,421	\$ 10.78

At December 31, 2023, the Company had outstanding exercisable Warrants, as follows:

Number		Exercise Price	Expiry Date
504,611	C\$	11.00	June 30, 2024
1,341,952	\$	8.94	(1)
855,800	C\$	9.70	February 19, 2025
250,000	\$	4.60	September 1, 2025
413,432	\$	3.54	December 22, 2025
15,666,626	\$	11.50	March 17, 2028
19,032,421			

- (1) These Warrants expire in equal monthly tranches from January 17, 2024 through September 17, 2024

Private Warrants

In connection with the closing of the previously publicly disclosed business combination transaction on March 17, 2023 (the “Closing”), the Company assumed GXII’s obligations under the agreement governing the GXII Warrants, as amended by an assignment, assumption and amendment agreement (the “NioCorp Assumed Warrant Agreement”), and issued an aggregate of 15,666,626 Warrants (the “NioCorp Assumed Warrants”). The Company issued (a) 9,999,959 public NioCorp Assumed Warrants (the “Public Warrants”) in respect of the GXII Warrants that were publicly traded prior to the Closing and (b) 5,666,667 NioCorp Assumed Warrants (the “Private Warrants”) to GX Sponsor II LLC (the “Sponsor”).

Each Private Warrant entitles the holder to the right to purchase 1.11829212 Common Shares at an exercise price of \$11.50 per 1.11829212 Common Shares (subject to adjustments for stock splits, stock dividends, reorganizations, recapitalizations and the like). No fractional shares will be issued upon exercise of any Private Warrants, and fractional shares that would otherwise be due to the exercising holder will be rounded down to the nearest whole Common Share. In no event will the Company be required to net cash settle any Private Warrant.

The Private Warrants: (i) will be exercisable either for cash or on a cashless basis at the holder’s option and (ii) will not be redeemable by the Company, in either case as long as the Private Warrants are held by the Sponsor, its members or any of their permitted transferees (as prescribed in the NioCorp Assumed Warrant Agreement). In accordance with the NioCorp Assumed Warrant Agreement, any Private Warrants that are held by someone other than the Sponsor, its members or any their permitted transferees are treated as Public Warrants.

NioCorp Developments Ltd.
Notes to the Condensed Consolidated Financial Statements
December 31, 2023

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

The Company classifies Private Warrants as Level 2 instruments under the fair value hierarchy as inputs into our pricing model are based on observable data points. The following observable data points were used in calculating the fair value of the Private Warrants using a Black Scholes model:

Key Valuation Input	December 31, 2023	June 30, 2023
Stock price on valuation date	\$ 3.19	\$ 5.03
Strike price	\$ 11.50	\$ 11.50
Implied volatility of Public Warrants	54.8%	33.5%
Risk free rate	3.91%	4.18%
Dividend yield	0%	0%
Expected warrant life in years	4.22	4.73

The change in the Private Warrants liability is presented below:

	Amount
Fair value at June 30, 2023	\$ 3,279
Change in fair value	(181)
Fair value at September 30, 2023	\$ 3,098
Change in fair value	(58)
Fair value at December 31, 2023	\$ 3,040

Contingent Consent Warrants

As consideration for entering into the previously publicly disclosed Waiver and Consent Agreement, dated September 25, 2022 (the “Lind Consent”), between the Company and Lind Global Asset Management III, LLC (“Lind”), Lind received, amongst other things, the right to receive additional Warrants (the “Contingent Consent Warrants”) if on September 17, 2024, the closing trading price of the Common Shares on the TSX or such other stock exchange on which such shares may then be listed, is less than C\$10.00, subject to adjustments. The number of Contingent Consent Warrants to be issued, if any, is based on the Canadian dollar equivalent (based on the then current Canadian to US dollar exchange rate as reported by Bloomberg, LP) of \$5,000 divided by the five-day volume weighted average price of the Common Shares on the date of issuance. Further, the number of Contingent Consent Warrants issued will be proportionately adjusted based on the percentage of Warrants currently held by Lind that are exercised, if any, prior to the issuance of any Contingent Consent Warrants.

The Contingent Consent Warrants are classified as a Level 3 financial instrument and were valued utilizing a Monte Carlo simulation pricing model, which calculates multiple potential outcomes for future share prices based on historic volatility of the Common Shares to determine the probability of issuance at 18 months following the applicable valuation date and to determine the value of the Contingent Consent Warrants. The following table discloses the primary inputs into the Monte Carlo model at the balance sheet date and the probability of issuance calculated by the model.

Key Valuation Input	December 31, 2023	June 30, 2023
Share price on valuation date	\$ 3.19	\$ 5.03
Volatility	64.0%	63.0%
Risk free rate	3.86%	4.11%
Probability of issuance	96.6%	80.8%

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****December 31, 2023**

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

The change in the fair value of the Contingent Consent Warrants is presented below:

	Amount
Fair value at June 30, 2023	\$ 1,710
Change in fair value	254
Fair value at September 30, 2023	1,964
Change in fair value	129
Fair value at December 31, 2023	\$ 2,093

The measurement date for the potential issuance of Contingent Consent Warrants is September 17, 2024, and therefore, as of December 31, 2023, the Contingent Consent Warrants are classified as a current liability.

8. EXPLORATION EXPENDITURES

	For the Three Months Ended December 31		For the Six Months Ended December 31,	
	2023	2022	2023	2022
Technical studies and engineering	\$ 97	\$ 28	\$ 297	\$ 137
Field management and other	147	207	282	393
Metallurgical development	584	1,080	1,330	2,073
Geologists and field staff	-	2	19	2
Total	\$ 828	\$ 1,317	\$ 1,928	\$ 2,605

9. LEASES

The Company incurred lease costs as follows:

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2023	2022	2023	2022
Operating Lease Cost:				
Fixed rent expense	\$ 23	\$ 23	\$ 45	\$ 43
Variable rent expense	3	3	7	5
Short-term lease cost	2	3	5	9
Sublease income	(10)	(12)	(16)	(15)
Net lease cost – other operating expense	\$ 18	\$ 17	\$ 41	\$ 42

The maturities of lease liabilities are as follows at December 31, 2023:

	Future Lease Maturities
Total remaining lease payments	\$ 291
Less portion of payments representing interest	(61)
Present value of lease payments	230
Less current portion of lease payments	95
Non-current lease liability	\$ 135

NioCorp Developments Ltd.**Notes to the Condensed Consolidated Financial Statements****December 31, 2023**

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

10. FAIR VALUE MEASUREMENT

The following tables present information about the assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2023, and June 30, 2023, 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.

			As of December 31, 2023		
	Note	Total	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents		\$ 634	\$ 634	\$ -	\$ -
Investment in equity securities		7	7	-	-
Total		<u>\$ 641</u>	<u>\$ 641</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:					
Earnout Shares liability	6	\$ 7,622	\$ -	\$ -	\$ 7,622
Warrant liabilities	7c	5,133	-	3,098	2,035
Total		<u>\$ 12,755</u>	<u>\$ -</u>	<u>\$ 3,098</u>	<u>\$ 9,657</u>
			As of June 30, 2023		
		Total	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents		\$ 2,341	\$ 2,341	\$ -	\$ -
Investment in equity securities		9	9	-	-
Total		<u>\$ 2,350</u>	<u>\$ 2,350</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:					
Earnout Shares liability		\$ 10,521	\$ -	\$ -	\$ 10,521
Warrant liabilities		4,989	-	3,279	1,710
Total		<u>\$ 15,510</u>	<u>\$ -</u>	<u>\$ 3,279</u>	<u>\$ 12,231</u>

The Convertible Debentures discussed in Note 5 were initially recorded at fair value, which represented a nonrecurring fair value measurement using a Level 3 input. At December 31, 2023, the estimated fair value of this instrument approximated carrying value given that the instrument was issued in March 2023 and has a short time period until maturity.

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 historical interim condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q and the Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended June 30, 2023, which have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. 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 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 have been based upon our current business and operating plans, as approved by the Company’s Board of Directors, and may include statements regarding the anticipated benefits of the transactions (the “Transactions”) contemplated by the previously disclosed Business Combination Agreement, dated September 25, 2022 (the “Business Combination Agreement”), among the Company, GX Acquisition Corp. II and Big Red Merger Sub Ltd, including NioCorp’s ability to access the full amount of the expected net proceeds of the Standby Equity Purchase Agreement, dated January 26, 2023 (the “Yorkville Equity Facility Financing Agreement”), between the Company and YA II PN, Ltd., an investment fund managed by Yorkville Advisors Global, LP (“Yorkville”), through April 1, 2026; NioCorp’s ability to receive a final commitment of financing from the Export-Import Bank of the United States (“EXIM”); anticipated benefits of the listing of NioCorp’s common shares, without par value (the “Common Shares”), on The Nasdaq Stock Market LLC (“Nasdaq”); the financial and business performance of NioCorp; NioCorp’s anticipated results and developments in the operations of NioCorp in future periods; NioCorp’s planned exploration activities; the adequacy of NioCorp’s financial resources; NioCorp’s ability to secure sufficient project financing to complete construction and commence operation of the Elk Creek Project; NioCorp’s expectation and ability to produce niobium, scandium, and titanium at the Elk Creek Project; NioCorp’s plans to produce and supply specific products and market demand for those products; the outcome of current recovery process improvement testing, and NioCorp’s expectation that such process improvements could lead to greater efficiencies and cost savings in the Elk Creek Project; the Elk Creek Project’s ability to produce multiple critical metals; the Elk Creek Project’s projected ore production and mining operations over its expected mine life; the completion of technical and economic analyses on the potential addition of magnetic rare earth oxides to NioCorp’s planned product suite; the exercise of options to purchase additional land parcels; the execution of contracts with engineering, procurement and construction companies; NioCorp’s ongoing evaluation of the impact of inflation, supply chain issues and geopolitical unrest on the Elk Creek Project’s economic model; and the creation of full time and contract construction jobs over the construction period of the Elk Creek Project.

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: NioCorp’s ability to recognize the anticipated benefits of the Transactions, including NioCorp’s ability to access the full amount of the expected net proceeds under the Yorkville Equity Facility Financing Agreement over the next three years; unexpected costs related to the Transactions; the outcome of any legal proceedings that may be instituted against NioCorp following closing of the Transactions; NioCorp’s ability to receive a final commitment of financing from EXIM on the anticipated timeline, on acceptable terms, or at all; NioCorp’s ability to continue to meet Nasdaq listing standards; NioCorp’s ability to operate as a going concern; risks relating to the Common Shares, including price volatility, lack of dividend payments and dilution or the perception of the likelihood any of the foregoing; NioCorp’s requirement of significant additional capital; the extent to which NioCorp’s level of indebtedness and/or the terms contained in agreements governing NioCorp’s indebtedness or the Yorkville Equity Facility Financing Agreement may impair NioCorp’s ability to obtain additional financing; covenants contained in agreements with NioCorp’s secured creditors that may affect its assets; NioCorp’s limited operating history; NioCorp’s history of losses; the material weaknesses in NioCorp’s internal control over financial reporting, NioCorp’s efforts to remediate such material weaknesses and the timing of remediation; the possibility that NioCorp may qualify as a PFIC under the Code; the potential that the Transactions could result in NioCorp becoming subject to materially adverse U.S. federal income tax consequences as a result of the application of Section 7874 and related sections of the Code; cost increases for NioCorp’s exploration and, if warranted, development projects; a disruption in, or failure of, NioCorp’s information technology systems, including those related to cybersecurity; equipment and supply shortages; variations in the market demand for, and prices of, niobium, scandium, titanium and rare earth products; current and future offtake agreements, joint ventures, and partnerships; NioCorp’s ability to attract qualified management; the effects of global health crises on NioCorp’s business plans, financial condition and liquidity; estimates of mineral resources and reserves; mineral exploration and production activities; feasibility study results; the results of metallurgical testing; changes in demand for and price of commodities (such as fuel and electricity) and currencies; competition in the mining industry; changes or disruptions in the securities markets; legislative, political or economic developments, including changes in federal and/or state laws that may significantly affect the mining industry; the impacts of climate change, as well as actions taken or required by governments related to strengthening resilience in the face of potential impacts from climate change; the need to obtain permits and comply with laws and regulations and other regulatory requirements; the timing and reliability of sampling and assay data; the possibility that actual results of work may differ from projections/expectations or may not realize the perceived potential of NioCorp’s projects; risks of accidents, equipment breakdowns, and labor disputes or other unanticipated difficulties or interruptions; the possibility of cost overruns or unanticipated expenses in development programs; operating or technical difficulties in connection with exploration, mining, or development activities; the management of the water balance at the Elk Creek Project site; land reclamation requirements related to the Elk Creek Project; the speculative nature of mineral exploration and development, including the risks of diminishing quantities of grades of reserves and resources; claims on the title to NioCorp’s properties; potential future litigation; and NioCorp’s lack of insurance covering all of NioCorp’s operations.

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” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, 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.

Qualified Person

All technical and scientific information that forms the basis for the Elk Creek Project disclosure included in this Quarterly Report on Form 10-Q has been reviewed and approved by Scott Honan, M.Sc., SME-RM, NioCorp's Chief Operating Officer. Mr. Honan is a "Qualified Person" as such term is defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects and subpart 1300 of Regulation S-K.

Company Overview

NioCorp is developing the Elk Creek Project, located in southeast Nebraska. The Elk Creek Project is a development-stage property that has disclosed niobium, scandium, and titanium mineral reserves and resources and disclosed rare earth oxide mineral resources. The Company is continuing technical and economic studies around the rare earths contained in the Project's Mineral Resource. 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 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. Rare earths are critical to electrification and decarbonization initiatives and can be used to manufacture the strongest permanent magnets commercially available.

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 and construction of the Elk Creek Project.

Recent Corporate Events

On December 22, 2023, the Company closed a non-brokered private placement (the "December 2023 Private Placement") of 413,432 units of the Company (the "December 2023 Units"). Each December 2023 Unit consists of one Common Share and one Warrant ("December 2023 Warrant"). Each December 2023 Warrant entitles the holder to acquire one Common Share at a price of \$3.54 at any time until December 22, 2025. 274,587 of the December 2023 Units were issued and sold to certain accredited investors, who are not affiliated with the Company but with whom the Company had a pre-existing relationship, at a price of \$3.08 per December 2023 Unit, and 138,845 of the December 2023 Units were issued and sold to certain officers and directors of the Company (the "Insider Investors"), at a price of \$3.205 per December 2023 Unit. The price per December 2023 Unit paid by the Insider Investors included \$0.125 per December 2023 Warrant underlying each December 2023 Unit purchased by the Insider Investors which allowed the Insider Investors to participate in the December 2023 Private Placement in accordance with the rules of The Nasdaq Stock Market LLC ("Nasdaq"). The Company received aggregate gross proceeds from the December 2023 Private Placement of approximately \$1.29 million. Proceeds of the December 2023 Private Placement will be used for continued advancement of the Elk Creek Project and for working capital and general corporate purposes.

In May 2023, we announced an aluminum-scandium ("Al-Sc") master alloy initiative (the "Al-Sc master alloy initiative"), in partnership with Boston-based Nanoscale Powders LLC ("Nanoscale"). Al-Sc master alloy, which generally contains 2% by weight scandium, is used to introduce scandium into aluminum for the purpose of producing various Al-Sc alloys, which generally contain a fraction of a percent scandium by weight. These alloys help to reduce weight, increase strength and corrosion resistance, and make the material weldable in automotive and mass transit, aerospace, defense, space, and other systems. Two of the three planned 1-kilogram ingots were manufactured at a contract metallurgical facility operated by Creative Engineers in the quarter ended December 31, 2023. As funds become available, the Company plans to manufacture a third ingot and pursue the scale-up of the Nanoscale technology, with an aim towards larger sized ingots and a continuous or semi-continuous production process.

Elk Creek Project Update

During the quarter ended December 31, 2023, the Company's demonstration scale processing plant located in Trois-Rivieres, Quebec (the "Demonstration Plant") also completed the production of waste materials for follow-on characterization to support tailings impoundment and paste backfill engineering design. Additional work at the Demonstration Plant is underway to further explore improvements to solvent extraction operations and to produce product samples for prospective customers.

During the quarter ended December 31, 2023, the Company, through a contract engineering firm (Olsson), completed a 90% engineering package for various road improvements in the vicinity of the Elk Creek Project site, and shared the 90% engineering drawings with the Nebraska Department of Transportation and Johnson County as part of the normal process for approving the improvements.

Other Activities

Our long-term financing efforts continued during the quarter ended December 31, 2023. As previously disclosed, on March 6, 2023, the Company announced the receipt of a Letter of Interest from the EXIM for potential debt financing of up to \$800 million through EXIM's "Make More In America" initiative to fund a portion of the project costs of the Elk Creek Project. A project finance letter of interest from EXIM represents only a preliminary step in the formal EXIM application process, and the Letter of Interest states that the communication "does not represent a financing commitment" and "is not an explicit indication of the financial or commercial viability of a transaction." As stated in the Letter of Interest, "Upon receipt of NioCorp's application for financing, EXIM will conduct all requisite due diligence necessary to determine if a Final Commitment may be issued for this transaction." The process from submission of an application to a final commitment of financing by EXIM, if any, is subject to a number of risks and uncertainties. As explained in the Letter of Interest, "Any final commitment will be dependent on meeting EXIM's underwriting criteria, authorization process, and finalization and satisfaction of terms and conditions. All Final Commitments must be in compliance with EXIM policies as well as program, legal, and eligibility requirements." The debt financing is subject to the satisfactory completion of due diligence, the negotiation and settlement of final terms, and the negotiation of definitive documentation.

NioCorp submitted a formal application to EXIM for a loan under EXIM's "Make More in America" initiative on June 6, 2023. The Company was informed that its application received approval by the first of three reviews by the EXIM Transaction Review Committee on October 2, 2023. EXIM has indicated that they will now devote additional resources to the processing of the Company's application and will require the Company to execute indemnity fee agreements with external consultants who will be tasked with conducting detailed reviews of the financial and technical (including environmental) aspects of the Company's application. We are currently unable to estimate how long the application process may take, and there can be no assurances that we will be able to successfully negotiate a final commitment of debt financing from EXIM.

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 operating permits;
- Continued evaluation of the potential to produce rare earth products and sell such products under offtake agreements;
- Negotiation and completion of offtake agreements for the remaining uncommitted production of niobium, scandium, and titanium from the project, including the potential sale of titanium as titanium tetrachloride;
- 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;
- As a follow-on to the Company's Demonstration Plant operations, complete characterization and testing of waste materials to support tailings impoundment and paste backfill plant designs; and
- Completion of design and permitting efforts related to improvements to the junction of Nebraska state highways 50 and 62 and improvements and paving of County Road 721 to the proposed entrance to the Elk Creek Project mine site.

Financial and Operating Results

The Company has no revenues from mining operations. Operating expenses incurred related primarily to costs incurred for the advancement of the Elk Creek Project and the activities necessary to support corporate and shareholder duties and are detailed in the following table (in thousands of dollars).

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2023	2022	2023	2022
Operating expenses				
Employee-related costs	\$ 328	\$ 291	\$ 650	\$ 584
Professional fees	952	262	2,139	426
Exploration expenditures	828	1,317	1,928	2,605
Other operating expenses	809	331	1,643	668
Total operating expenses	2,917	2,201	6,360	4,283
Change in fair value of Earnout Shares liability	(806)	-	(2,899)	-
Change in fair value of warrant liabilities	71	341	144	84
Loss on debt extinguishment	-	-	-	1,622
Interest expense (income)	1,176	(38)	3,251	220
Other gains	-	(13)	-	(13)
Foreign exchange loss (gain)	28	(64)	17	109
Loss on equity securities	1	2	2	1
Income tax benefit	-	-	(101)	-
Loss attributable to noncontrolling interest	96	-	270	-
Net loss attributable to the Company	\$ 3,291	\$ 2,429	\$ 6,504	\$ 6,306

Three- and six-month periods ended December 31, 2023 compared to the three- and six-month periods ended December 31, 2022:

Significant items affecting operating expenses are noted below:

Employee-related costs increased for the three- and six-month periods in 2023 as compared to 2022, primarily due to the impact of board-authorized employee salary increases, which became effective April 1, 2023.

Professional fees increased for the six-month period in 2023 as compared to 2022, primarily due to the timing of legal services associated with the Company's SEC registration statements filed in October 2023, as well as increased audit and review fees associated with the Company's June 30, 2023 and September 30, 2023 financial statements, respectively. These costs increased for the three-month period ended December 31, 2023 as compared to 2022, as 2023 costs included additional accounting fees associated with quarterly financial statement review procedures as well as increased legal fees associated with the Company's Annual General Meeting preparation, our registration statements on Form S-1 filed in October 2023, and the change in our auditors.

Exploration expenditures decreased for the six-month period in 2023 as compared to 2022, as 2022 costs included Demonstration Plant development and start-up costs, as well as costs related to the completion and filing of the Technical Report Summary based on the Company's 2022 Feasibility Study for the Elk Creek Project, which was filed with the SEC on September 6, 2022. These costs decreased for the three-month period ended December 31, 2023 as compared to 2022, as 2022 costs included Demonstration Plant development and

start-up costs, while overall Demonstration Plant operations were winding down during the three-month period in 2023.

Other operating expenses include costs related to investor relations, general office expenditures, equity offering and proxy expenditures, board-related expenditures, and other miscellaneous costs. These costs increased for the six-month period 2023 as compared to 2022 primarily due to the impact of increased director and officer insurance costs associated with the Company's listing on the Nasdaq, which began in March 2023, as well as expenditures related to our Al-Sc master alloy initiative, fair value losses on Yorkville Equity Facility Financing Agreement transactions, and Delaware franchise fees, partially offset by reduced investor relations expenditures. These costs increased for the three-month period ended December 31, 2023 as compared to 2022 primarily due to the impact of increased director and officer insurance costs associated with the Company's listing on the Nasdaq, which began in March 2023.

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

Change in fair value of Earnout Shares liability represents the changes in fair value related to the shares of Class B common stock of Elk Creek Resource Corporation ("ECRC"), an indirect, majority-owned subsidiary of NioCorp formerly known as GX Acquisition Corp. II, the rights of the holders of which to exchange such shares into Common Shares are subject to certain vesting conditions (such shares of ECRC Class B common stock, the "Earnout Shares") for 2023, based on the results of Monte Carlo financial modeling. The Company recognized this liability in connection with the Transactions, which closed in March 2023.

Change in fair value of warrant liability primarily represents the changes in fair value related to Lind Global Asset Management III, LLC's ("Lind") right to receive additional Warrants (the "Contingent Consent Warrants") as consideration for entering into the previously disclosed Waiver and Consent Agreement, dated September 25, 2022 (the "Lind Consent"), between the Company and Lind, based on the impact of a lower closing Common Share price, which increases the probability of these Contingent Consent Warrants being issued on the 18-month anniversary. This expense was partially offset by a slight decrease in the valuation of the Warrants issued to GX Sponsor II LLC (the "Sponsor") in connection with the closing of the Transactions (the "Private Warrants").

Interest expense increased for both the six-month and three-month periods in 2023 as compared to 2022 due to accretion expense associated with the unsecured convertible debentures (the "Convertible Debentures") issued to Yorkville, which were issued in March 2023.

Foreign exchange loss is primarily due to changes in the U.S. dollar against the Canadian dollar. During 2022, the functional currency of the parent company was Canadian dollars, and the loss for the period was primarily due to changes in the foreign exchange rates applied to U.S. dollar-denominated debt instruments. Effective March 17, 2023, the parent company's functional currency became the U.S. dollar.

Loss on debt extinguishment incurred in 2022 represents the loss incurred under Accounting Standards Codification ("ASC") Topic 470, Debt, related to the convertible security issued to Lind (the "Lind III Convertible Security") pursuant to the Convertible Security Funding Agreement, dated February 26, 2021, as amended by Amendment #1 to the Convertible Security Funding Agreement, dated December 2, 2021, between the Company and Lind).

Loss attributable to noncontrolling interest represents the portion of net loss in ECRC not owned by the Company.

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 options to purchase Common Shares ("Options") and Warrants, and related party loans. With respect to currently outstanding Options and Warrants, we believe that exercise of these instruments, and cash proceeds from such exercises, will not occur unless and until the market price for our Common Shares equals or exceeds the related exercise price of each instrument.

The Yorkville Equity Facility Financing Agreement is expected to provide near-term and longer-term access to capital. The ability of the Company to draw down on the Yorkville Equity Facility Financing Agreement, at its discretion, is subject to certain limitations and the satisfaction of certain conditions and, when available, provides an opportunity to actively manage the cash needs of the Company more closely. Historically, cash has generally been available to the Company through private placements of equity for which the timing did not always coincide with the Company's cash needs. The Company may utilize the Yorkville Equity Facility Financing Agreement to potentially generate funds at a time when they are in need. Alternatively, the Company can also utilize the Yorkville Equity Facility Financing Agreement for opportunistic share sales.

As of December 31, 2023, the Company had cash of \$0.6 million and a working capital deficit of \$10.6 million, compared to cash of \$2.3 million and working capital of \$0.2 million on June 30, 2023.

We expect that the Company will operate at a loss for the foreseeable future. The Company's current planned cash needs are approximately \$7.7 million until June 30, 2024, inclusive of repayments of principal and interest on the Yorkville Convertible Debentures. In addition to outstanding accounts payable and short-term liabilities, our average monthly planned expenditures through June 30, 2024 are expected to be approximately \$805,000 per month where approximately \$660,000 is for corporate overhead and estimated costs related to securing financing necessary for advancement of the Elk Creek Project. Approximately \$145,000 per month is planned for expenditures relating to the advancement of the Elk Creek Project by ECRC. 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 does not have sufficient cash on hand to continue to fund basic operations for the next twelve months, and additional funds totaling \$10.0 million to \$11.0 million are likely to be necessary to continue advancing the project in the areas of financing, permitting, and detailed engineering. While the Yorkville Equity Facility Financing Agreement may provide the Company with access to additional capital, the Company may require additional capital to meet its cash needs. 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 \$19,000 until June 30, 2024. 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, 2024, 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.

On June 6, 2023, the Company announced that it had submitted an application to EXIM for debt financing (the "EXIM Financing") to fund the project costs for the Elk Creek Project, under EXIM's "Make More in America" initiative. The EXIM Financing is subject to, among other matters, the satisfactory completion of due diligence, the negotiation and settlement of final terms, and the negotiation of definitive documentation. There can be no assurance that the EXIM Financing will be completed on the terms described herein or at all.

Except for potential funding under the Yorkville Equity Facility Financing Agreement, discussed above, and the potential exercise of Options and Warrants, we currently have no further funding commitments or arrangements for additional financing at this time, and there is no assurance that we will be able to obtain any such additional financing on acceptable terms, if at all. Pursuant to the Exchange Agreement, dated as of March 17, 2023 (as amended, supplemented or otherwise modified, the "Exchange Agreement"), by and among NioCorp, ECRC and the Sponsor, NioCorp is restricted from issuing equity or equity-linked securities (other than Common Shares) or any preferred equity or non-voting equity if such issuance would adversely impact the rights of the holders of the shares of Class B common stock of ECRC, without the consent of the holders of a majority of the shares of Class B common stock of ECRC. The Yorkville Convertible Debt Financing Agreement also contains certain covenants that, among other things, limit NioCorp's ability to use the proceeds from the issuance of the securities pursuant to the Yorkville Convertible Debt Financing Agreement to repay related party debt or to enter into any variable rate transaction, including issuances of equity or debt securities that are convertible into Common Shares at variable rates and any equity line of credit, ATM agreement or other continuous offering of Common Shares, other than with Yorkville, subject to certain exceptions. Notwithstanding the restrictions set forth in the Exchange Agreement and

the Yorkville Convertible Debt Financing Agreement, there is significant uncertainty that we would 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 may pursue 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 public offerings in the form of underwritten/brokered 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. In addition, we could raise funds through the sale of interests in our mineral properties, although current market conditions and other recent worldwide events 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.

Based on the conditions described within, management has concluded, as supported by the notes that accompany our financial statements for the year ended June 30, 2023, 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 a development stage issuer 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. Recent worldwide events have created general global economic uncertainty as well as uncertainty in capital markets, supply chain disruptions, increased interest rates and inflation, and the potential for geographic recessions. During fiscal year 2023 and continuing into fiscal year 2024, these events continued to create uncertainty with respect to overall project funding and timelines. 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 U.S. 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 six months ended December 31, 2023, the Company's operating activities consumed \$4.6 million of cash (2022: \$4.1 million). The cash used in operating activities for the six months ended December 31, 2023, reflects the Company's funding of losses of \$6.8 million and Convertible Debenture accretion, partially offset by a reduction in the Earnout Shares liability and other non-cash transactions. Overall, operational outflows during the six months ended December 31, 2023, increased from the corresponding period of 2022 due to increased professional services performed in 2023. 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 \$2.9 million during the six months ended December 31, 2023 (2022: \$0.5 million outflow), with 2023 inflows reflecting the gross receipts of \$1.0 million from the September 2023 Private Placement, \$1.3 million from the December 2023 Private Placement, and \$0.8 million from Common Share issuances under the Yorkville Equity Facility Financing Agreement.

Cash Flow Considerations

The Company has historically relied upon debt and equity financings to finance its activities. Subject to the restrictions set forth in the Exchange Agreement and the Yorkville Convertible Debt Financing Agreement, 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, 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.

Critical Accounting Estimates

There have been no material changes in our critical accounting estimates discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the heading “Critical Accounting Estimates and Recent Accounting Pronouncements” as of June 30, 2023, in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023.

Certain U.S. Federal Income Tax Considerations

If NioCorp (or a subsidiary) is a “passive foreign investment company” (“PFIC”) for any taxable year (or portion thereof) that is included in the holding period of a U.S. holder of Common Shares or other NioCorp securities (as determined under applicable U.S. federal income tax law), then certain significant adverse tax consequences could apply to such U.S. holder, including requirements to treat any gain realized upon a disposition of Common Shares (or other securities) as ordinary income, to include certain “excess distributions” on Common Shares in income, and to pay an interest charge on a portion of any such gain or distribution. NioCorp believes that it was classified as a PFIC during the taxable years ended June 30, 2023 and 2022, and, based on the current composition of its income and assets, as well as current business plans and financial expectations, that it may be classified as a PFIC for its current taxable year or in future taxable years. No opinion of legal counsel or ruling from the Internal Revenue Service (the “IRS”) concerning the PFIC status of NioCorp or any subsidiary has been obtained or is currently planned to be requested. The determination of whether any corporation was, or will be, a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether any corporation will be a PFIC for any taxable year depends on the assets and income of such corporation over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this Quarterly Report on Form 10-Q. In addition, even if NioCorp concluded that it or any subsidiary was not classified as a PFIC, the IRS could challenge such determination and a court could sustain the challenge. Accordingly, there can be no assurance that NioCorp or any subsidiary will not be classified as a PFIC for any taxable year. Each holder of Common Shares or other NioCorp securities should consult its own tax advisors regarding the PFIC status of NioCorp and each subsidiary thereof and the resulting tax consequences to the holder, as well as any potential to mitigate such tax consequences through a “QEF” or “mark-to-market” election. See the “Risk Factors” section of NioCorp’s Annual Report on Form 10-K for the fiscal year ended June 30, 2023.

Other

The Company has one class of shares, being Common Shares. A summary of outstanding shares, Options, Warrants, and convertible debt as of February 13, 2024, is set out below, on a fully diluted basis.

	Common Shares Outstanding (Fully Diluted)
Common Shares	34,915,511
Vested shares of ECRC Class B common stock ¹	4,565,808
Stock options ²	938,000
Warrants ³	18,883,316
Convertible debt ⁴	1,417,300

¹ Each exchangeable into one Common Share at any time, and from time to time, until March 17, 2033.

² Each exercisable into one Common Share.

³ Includes 15,666,626 NioCorp Assumed Warrants that are each exercisable into 1.11829212 Common Shares, and 3,216,690 Warrants that are each exercisable into one Common Share.

⁴ Represents Common Shares issuable on conversion of Convertible Debentures with an aggregate outstanding principal and accrued interest amount of \$3.87 million as of February 13, 2024, assuming a market price per Common Share of \$3.17 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 December 31, 2023, 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 not effective due to the material weaknesses in internal control over financial reporting described below.

The Company’s disclosure controls and procedures have been designed to ensure 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.

Material Weaknesses in Internal Control over Financing Reporting Existing as of December 31, 2023

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Management concluded that the material weaknesses disclosed in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2023 continued to exist as of December 31, 2023. Specifically, management concluded that the following material weaknesses exist as of December 31, 2023:

- **Control Environment:** Management did not design and maintain an effective control environment based on the criteria established by the Committee of Sponsoring Organizations Integrated Framework (2013) (“COSO Framework”). Specifically, the Company does not have sufficient personnel with the appropriate levels of knowledge, experience, and training in accounting and internal control over financial reporting commensurate with the complexity of the Company’s business. This material weakness contributed to additional material weaknesses related to the Company’s control activities as further described below.
- **Risk Assessment:** Management did not design and maintain effective controls over the risk assessment process. Specifically, management does not have a formal process to identify, update, and assess risks due to changes in the Company’s business practices, including entering into increasingly complex transactions that could significantly impact the design and operation of the Company’s control activities.
- **Control Activities:** Management did not design and maintain effective controls, including management review controls, related to non-routine transactions. Specifically, management did not maintain effective controls over monitoring and assessing the work of third-party specialists, including the evaluation of the appropriateness of accounting conclusions that has resulted in misstatements. In addition, the Company did not design and maintain effective controls related to the evaluation of certain inputs and assumptions used to estimate the fair value of instruments and features associated with complex debt and equity transactions. Finally, management did not have policies and procedures for the reconsideration of existing agreements when infrequent transactions occur.
- **Monitoring Activities:** Management did not design and maintain effective monitoring controls to support timely evaluation of remediation of identified internal control deficiencies.

As previously disclosed, these material weaknesses were initially identified at various points during the fiscal year ended June 30, 2023 in connection with the Company's normal quarterly close and review procedures, and certain of these material weaknesses resulted in errors that required the restatement of Company's consolidated financial statements as of and for the fiscal years ended June 30, 2022 and 2021, as well as the restatement of the Company's condensed consolidated financial statements as of and for the interim periods ended September 30, 2021, December 31, 2021, March 31, 2022, September 30, 2022 and December 31, 2022. Additionally, these material weaknesses could result in a misstatement of the account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or timely detected.

Remediation Plan for the Material Weaknesses

To address our material weaknesses existing as of December 31, 2023, we have implemented a detailed plan to address each individual material weakness identified, as well as the overall monitoring process, including the following:

- In order to remediate the material weaknesses relating to the Company's control environment and risk assessment process, the following control procedures are in the process of being implemented:
 - In consultation with our third-party advisors, we are in the process of implementing a technical accounting policy that provides for separation of the analysis and review of identified accounting issues from the detailed review steps to be performed by the Corporate Controller. Initially, this policy includes transactions related to warrants, convertible debt, debt modifications, and earnout share liabilities. This policy will be maintained to ensure that additional non-routine transactions identified in our normal course of business (as discussed below), are included in the review process.
 - We are in the process of developing and implementing a non-routine transactions policy to ensure the timely identification, analysis, and monitoring of potential non-routine transactions. Further, the policy provides for third-party assistance, as needed, in the review of U.S. GAAP issues related to the proposed transaction.
- In order to remediate the material weakness relating to the Company's controls activities, we are in the process of implementing the technical accounting policy discussed above to ensure the completeness and accuracy of identifying and adequately assessing the assumptions utilized in the valuation analysis of complex financial instruments. In addition, we have engaged third-party consultants with the relevant background and expertise to perform the appropriate complex valuation analyses under the control and oversight of Company personnel.
- In order to remediate the material weakness relating to the Company's controls over monitoring activities, we are in the process of enhancing controls over our financial statement close and reporting process, and designing and implementing additional closing steps to review, manage and monitor our progress towards the remediation of internal control deficiencies and material weaknesses, including periodic reporting of progress to the Audit Committee.

The process of designing and maintaining effective internal control over financial reporting is a continuous effort that requires management to anticipate and react to changes in our business, economic and regulatory environments and to expend significant resources. As we continue to evaluate our internal control over financial reporting, we may take additional actions to remediate the material weaknesses or modify the remediation actions described above.

While we continue to devote significant time and attention to these remediation efforts, the material weaknesses will not be considered remediated until management completes the design and implementation of the actions described above and the controls operate for a sufficient period of time, and management has concluded, through testing, that these controls are effective.

Changes in Internal Control over Financial Reporting

Other than as discussed above, there have been no changes in the Company's internal control over financial reporting during the three months ended December 31, 2023, 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, 2023.

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

The Company issued and sold the following Common Shares in reliance on exemptions from the registration requirements of the Securities Act:

Date	Gross Proceeds	Shares Issued	Price/Share
October 26, 2023 ⁽¹⁾	\$787,260	228,861	\$3.4399
November 27, 2023 ⁽¹⁾	282,774	86,562	3.2667
November 30, 2023 ⁽²⁾	233,888	75,000	3.1185
December 11, 2023 ⁽¹⁾	513,425	180,554	2.8436
December 19, 2023 ⁽¹⁾	507,123	186,216	2.7233

- (1) Issued in reliance on Section 3(a)(9) of the Securities Act, in connection with the voluntary conversion of a portion of the amount outstanding under the Convertible Debentures and based upon representations and warranties of Yorkville in connection therewith.
- (2) Issued in reliance on Section 4(a)(2) of the Securities Act in connection with the closing of an advance under the Yorkville Equity Facility Financing Agreement and based upon representations and warranties of Yorkville in connection therewith.

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 December 31, 2023, 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

During the quarter ended December 31, 2023, no director or officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408 of Regulation S-K).

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>3.3(2)</u>	<u>Amendment to Articles, effective March 17, 2023</u>
<u>4.1(3)</u>	<u>Form of Subscription Agreement in respect of units issued in December 2023</u>
<u>4.2(3)</u>	<u>Form of Warrants issued in December 2023</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(4)	Inline XBRL Instance Document
101.SCH(4)	Inline XBRL Taxonomy Extension- Schema
101.CAL(4)	Inline XBRL Taxonomy Extension – Calculations
101.DEF(4)	Inline XBRL Taxonomy Extension – Definitions
101.LAB(4)	Inline XBRL Taxonomy Extension – Labels
101.PRE(4)	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) Previously filed as an exhibit to the Company's Current Report on Form 8-K (File No. 001-41655) filed with the SEC on March 17, 2023, and incorporated herein by reference.
- (3) Previously filed as an exhibit to the Company's Current Report on Form 8-K (File No. 001-41655) filed with the SEC on December 20, 2023, and incorporated herein by reference.
- (4) Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in inline XBRL (Extensible Business Reporting Language): (i) the Interim Condensed Consolidated Balance Sheets as of December 31, 2023 and June 30, 2023, (ii) the Interim Condensed Consolidated Statements of Operations and Comprehensive Loss for the Three and Six Months ended December 31, 2023 and 2022, (iii) the Interim Condensed Consolidated Statements of Cash Flows for the Six Months ended December 31, 2023 and 2022, (iv) the Interim Condensed Consolidated Statements of Shareholders' (Deficit) Equity for the Three and Six Months ended December 31, 2023 and 2022 and (v) the Notes to the Interim Condensed 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: February 13, 2024

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

Date: February 13, 2024

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: February 13, 2024

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: February 13, 2024

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 December 31, 2023, 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 operations of the Company.

Date: February 13, 2024

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 December 31, 2023, 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 operations of the Company.

Date: February 13, 2024

By: /s/ Neal Shah

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