NIOCORP DEVELOPMENTS LTD.

Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2015

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NioCorp Developments Ltd.

Condensed Consolidated Interim Statements of Financial Position

(in Canadian dollars)

	Note	March 31, 2015	June 30, 2014
ASSETS			
Current			
Cash		$ 2,481,423	$ 2,997,287
Receivables	6	36,138	46,625
Marketable securities	7	21,000	24,000
Prepaid expenses		63,456	26,885
		2,602,017	3,094,797
Non-current			
Deposits		65,796	67,120
Equipment	8	51,760	34,028
Exploration and evaluation assets	9	29,177,798	14,528,895
		$ 31,897,371	$ 17,724,840
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	$ 2,651,446	$ 1,179,519
Flow-through tax liability	12	778,750	778,750
		3,430,196	1,958,269
SHAREHOLDERS' EQUITY			
Capital stock	11	50,284,255	35,685,480
Share-based payment reserve	11	8,381,466	3,058,819
Deficit		(30,198,546)	(22,977,728)
		28,467,175	15,766,571
		$ 31,897,371	$ 17,724,840

Basis of preparation (note 2)
Commitments (note 16)
Subsequent events (note 17)

On behalf of the Board:

"Mark Smith"
Director

"Michael Morris"
Director

NioCorp Developments Ltd.

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

(in Canadian dollars)

	Note	**Three months ended March 31, 2015**	Three months ended March 31, 2014	**Nine months ended March 31, 2015**	Nine months ended March 31, 2014
Operating expenses					
Consulting		$ 68,076	34,030	$ 76,194	$ 93,230
Depreciation		3,424	538	8,090	1,615
Fair value of warrants granted	11d	275,457	-	2,533,480	-
Financial fees		77,000	-	195,000	-
Foreign exchange (gain) loss		10,878	(22,128)	27,924	(33,970)
Investor communication		21,124	82,599	105,021	142,284
Management fees	13	137,299	140,200	393,337	300,200
Office and miscellaneous		135,072	87,218	301,878	185,809
Professional fees	13	246,265	14,668	365,763	54,910
Share-based compensation	11c, 13	-	-	2,803,760	-
Transfer agent and regulatory fees		233,445	15,680	265,499	42,604
Travel		61,618	25,112	149,236	78,094
		1,269,658	377,917	7,225,182	864,776
Interest income		(2,691)	-	(7,364)	-
Unrealized loss on marketable securities		5,250	-	3,000	48,000
Loss and comprehensive loss for the period		$ (1,272,217)	(377,917)	$ (7,220,818)	$ (912,776)
Loss per common share, basic and diluted		$ (0.01)	(0.00)	$ (0.06)	$ (0.01)
Weighted average number of common shares outstanding		142,022,107	105,151,167	129,923,593	96,213,183

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

NioCorp Developments Ltd.
Condensed Consolidated Interim Statements of Cash Flows
(in Canadian dollars)

	Nine months ended March 31, 2015	Nine months ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Total loss for the period	$ (7,220,818)	$ (912,776)
Items not affecting cash:		
Depreciation	8,090	1,615
Deferred financing costs	-	36,960
Fair value of warrants granted	2,533,480	-
Unrealized loss on available-for-sale investments	3,000	48,000
Share-based compensation	2,803,760	-
	(1,872,488)	(826,201)
Change in non-cash working capital items:		
Receivables	10,487	(6,088)
Prepaid expenses	(36,571)	(80,133)
Accounts payable and accrued liabilities	137,311	(271,527)
Net cash used in operating activities	(1,761,261)	(1,183,949)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	15,134,519	5,520,158
Issue costs	(591,701)	(194,890)
Warrants subscriptions received	41,364	-
Advances from a related party	-	100,000
Repayment of advances from a related party	-	(250,000)
Net cash provided by financing activities	14,584,182	5,175,268
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits	1,324	(2,534)
Acquisition of equipment	(25,822)	-
Land payments	(465,965)	(40,000)
Deferred exploration costs	(12,848,322)	(40,711)
Net cash used in investing activities	(13,338,785)	(83,245)
Change in cash during the period	(515,864)	3,908,074
Cash, beginning of period	2,997,287	35,460
Cash, end of period	$ 2,481,423	$ 3,943,534

Supplemental cash flow information (note 5)

NioCorp Developments Ltd.

Condensed Consolidated Interim Statements of Shareholders' Equity

(in Canadian dollars)

	Note	Shares	Amount	Share-based payment reserves	Deficit	Total
Balance, July 1, 2013		89,339,616	$ 29,116,650	$ 3,061,591	$ (21,306,385)	$ 10,871,856
Private placement - December 2013		6,186,612	955,832	-	-	955,832
Private placement - December 2013		4,837,000	786,929	-	-	786,929
Private placement - March 2014		13,004,060	2,600,812	-	-	2,600,812
Private placement - March 2014		5,856,608	1,171,322	-	-	1,171,322
Issue costs		-	(194,890)	-	-	(194,890)
Exercise of warrants		42,100	5,263	-	-	5,263
Loss for the period		-	-	-	(912,776)	(912,776)
Balance, March 31, 2014		119,265,996	$ 34,441,918	$ 3,061,591	$ (22,219,161)	$ 15,284,348

	Note	Shares	Amount	Share-based payment reserves	Deficit	Total
Balance, July 1, 2014		122,884,716	$ 35,685,480	$ 3,058,819	$ (22,977,728)	$ 15,766,571
Private placement - November 2014	11b	19,245,813	10,585,197	-	-	10,585,197
Private placement - March 2015		2,914,000	2,185,500	-	-	2,185,500
Issue costs	11b	-	(810,898)	219,197	-	(591,701)
Exercise of warrants		3,355,040	1,728,572	-	-	1,728,572
Warrant subscriptions received		-	41,364		-	41,364
Exercise of options		3,750,000	635,250	-	-	635,250
Fair value of stock options exercised		-	233,790	(233,790)	-	-
Fair value of warrants granted to ThyssenKrupp	11d	-	-	2,102,820	-	2,102,820
Fair value of warrants for financial services agreement	11d	-	-	312,838	-	312,838
Fair value of warrants for sponsorship agreement		-	-	117,822	-	117,822
Share-based payments	11c	-	-	2,803,760	-	2,803,760
Loss for the period		-	-	-	(7,220,818)	(7,220,818)
Balance, March 31, 2015		152,149,569	$ 50,284,255	$ 8,381,466	$ (30,198,546)	$ 28,467,175

1. CORPORATE INFORMATION

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

The Company currently operates in one reportable operating segment consisting of exploration and development of mineral deposits in North America. The continued operations of the Company and the recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production. The Company is quoted on the Toronto Stock Exchange ("TSX") under the symbol "NB".

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 15, 2015.

2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

These condensed consolidated interim financial statements for the nine months ended March 31, 2015 have been prepared in accordance with IAS 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended June 30, 2014. Certain reclassifications have been made to prior year balances in order to conform to the current year’s presentation.

3. GOING CONCERN ISSUES

The Company incurred a loss of $7,220,818 (2014 - $912,776) for the nine months ended March 31, 2015, and has an accumulated deficit of $30,198,546 and working capital deficiency of $828,179 at March 31, 2015. These factors indicate the existence of a material uncertainity that may cast significant doubt about the Company's ability to continue as a going concern. With regards to financing requirements, the Company has received cash infusions totaling $1.0 million subsequent to March 31, 2015, as more fully disclosed in note 17. The Company may also seek cash funding through equity financing or other avenues to address this working capital deficiency.

The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed consolidated interim financial statements do not give effect to any adjustments required to realize it assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

(in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and evaluation expenditures and impairment

The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Key sources of estimation uncertainty:

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the consolidated financial statements.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

5. SUPPLEMENTAL CASH FLOW INFORMATION

	Note	**Nine months ended March 31, 2015**	Nine months ended March 31, 2014
Cash paid for:			
Interest paid		$ -	$ -
Income taxes paid		-	-
Non-cash activities			
Mineral property expenditures included in accounts payable		$ 2,255,004	$ 143,722
Fair value of agent warrants issued as share issuance costs	11b	219,197	-
Fair value of warrants issued for financial advisory services	11d	312,838	-
Fair value of warrants issued for sponsorship services	11d	117,822	-
Fair value of warrants issued to ThyssenKrupp	11d	2,102,820	-

(in Canadian dollars)

6. RECEIVABLES

	March 31, 2015	June 30, 2014
Refundable GST/HST tax	$ 33,622	$ 44,109
Other receivables	2,516	2,516
	$ 36,138	$ 46,625

7. MARKETABLE SECURITIES

	March 31, 2015	June 30, 2014
Shares of Amana Copper Ltd.	$ 9,750	$ 9,000
Shares of Victory Mines Limited	11,250	15,000
	$ 21,000	$ 24,000

8. EQUIPMENT

Property and equipment	Computer equipment	Furniture and equipment	Total
June 30, 2013	$ 23,214	$ 1,264	$ 24,478
Additions	10,858	22,512	33,370
June 30, 2014	34,072	23,776	57,848
Additions	-	25,822	25,822
March 31, 2015	$ 34,072	$ 49,598	$ 83,670
Accumulated depreciation			
June 30, 2013	$ 16,423	$ 681	$ 17,104
Depreciation	3,666	3,050	6,716
June 30, 2014	20,089	3,731	23,820
Depreciation	3,146	4,944	8,090
March 31, 2015	$ 23,235	$ 8,675	$ 31,910
Net book value, June 30, 2014	$ 13,983	$ 20,045	$ 34,028
Net book value, March 31, 2015	$ 10,837	$ 40,923	$ 51,760

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS

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

	Nine months ended March 31, 2015	Year ended December 31, 2014
Balance, beginning of period	$ 14,528,895	$ 12,330,691
Land payments	465,965	69,519
Deferred exploration expenditures:		
Feasibility study and engineering	4,378,800	451,615
Drilling	4,057,382	708,414
Metallurgical	2,758,640	405,808
Field management	1,031,467	69,047
Core handling, sampling and assay	1,007,221	167,591
Geologists and field staff	949,428	311,862
Environmental	-	14,348
	14,182,938	2,128,685
Balance, end of period	$ 29,177,798	$ 14,528,895

During the year ended June 30, 2011, the Company completed the acquisition of the Elk Creek property located in Southern Nebraska.

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

Additions to exploration and evaluation assets during the nine-month ended March 31, 2015 related to expenditures for an infill drilling program, an updated Canadian National Instrument 43-101 Mineral Resource Statement and work towards the completion of a Preliminary Economic Assessment, as well as land payments and general project management costs.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2015	June 30, 2014
Accounts payable and accrued liabilities	$ 2,633,603	$ 1,039,273
Accounts payable and accrued liabilities to related parties	17,843	4,565
Taxes and penalties payable	-	135,681
	$ 2,651,446	$ 1,179,519

11. CAPITAL STOCK

(a) Authorized

Unlimited common shares without par value

(b) Issued and Outstanding

Nine months ended March 31, 2015

In February 2015 the Company announced it had closed a partially brokered and partially non brokered private placement of 2,915,000 special warrants at an issue price of $0.75 to raise aggregate gross proceeds of $2,185,000. Each special warrant is exchangeable at any time after the closing date of the offering into one unit of the Company; each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $1.00 per share until February 27, 2017. Under the terms of the Special Warrant, the Company was required to file a short form prospectus pursuant to National Policy 11-202 and Multilateral Instrument 11-102 and obtain a receipt from the securities regulators in such jurisdictions in Canada in which a holder of special warrants is resident. The Company filed and obtained the required receipt on March 23, 2015 and qualified the distribution of 2,915,000 special warrants exercised on March 30, 2015.

The agent, Mackie Research Capital Corporation ("MRCC") received a cash commission equal to 6.5% of the gross proceeds of the brokered portion of the offering being $137,183 and 182,910 compensation warrants. The broker warrants are exercisable into common shares at a price $0.85 per share until February 27, 2017. The fair value of the agent warrants of $98,249 was estimated based on the Black-Scholes pricing model using a risk free interest rate of 1.25%, an expected dividend yield of 0%, a volatility of 100.95%, and an expected life of 2 years. Total cash issue costs including agents' commission, legal and filing fees were $253,536.

In November 2014 the Company announced it had closed a partially brokered and partially non-brokered private placement of 19,245,813 special warrants at an issue price of $0.55 to raise aggregate gross proceeds of $10,585,197. Each special warrant is exchangeable at any time after the closing date of the offering into one unit of the Company; each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $0.65 per share until November 10, 2016. Under the terms of the special warrant, the Company was required to file a short form prospectus pursuant to National Policy 11-202 and Multilateral Instrument 11-102 and obtain a receipt from the securities regulators in such jurisdictions in Canada in which a holder of special warrants is resident. The Company filed and obtained the required receipt on January 14, 2015 and qualified the distribution of 19,245,813 special warrants exercised on January 19, 2015.

The agent, MRCC received a cash commission equal to 6.5% of the gross proceeds of the brokered portion of the offering and 205,304 non-transferable compensation units. The broker warrants are exercisable into units having the same terms as the units issued under the Offering. Each unit entitles the agent to purchase a unit at a price of $0.55 each. Each unit consists of one common share and one warrant exercisable at a price of $0.65 per share until November 10, 2016. The fair value of the agent warrants of $120,948 was estimated based on the Black Scholes pricing model using a risk free interest rate of 1.25%, an expected dividend yield of 0%, a volatility of 108.9%, and an expected life of 2 years. Total cash issue costs including agents' commission, legal and filing fees was $338,165.

Year ended June 30, 2014

In March 2014 the Company completed private placements of 13,004,060 shares at $0.20 per share for gross proceeds of $2,600,812 and 5,856,608 shares at $0.20 per share for gross proceeds of $1,171,322. The Company incurred costs of $174,727 towards these private placements.

In December 2013 the Company completed the second and final tranche of a private placement of 4,837,000 shares at US $0.15 per share for gross proceeds of $786,929 (USD $725,550). In October 2013 the Company completed the first tranche of the private placement of 6,186,612 shares at US $0.15 per share for gross proceeds of $955,832 (USD $927,992). The Company had incurred costs of $54,482 towards this private placement of which $36,960 was paid as at June 30, 2013.

(in Canadian dollars)

11. CAPITAL STOCK continued

(c) Stock Options

The Company has a rolling stock option plan (the "Plan") whereby the Company may grant stock options to executive officers and directors, employees and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value on the date of grant. The Plan provides for the issuance of up to 10% of the Company's issued common shares as at the date of grant with each stock option having a maximum term of five years. The board of directors has the exclusive power over the granting of options and their vesting provisions.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2013	6,625,000	$ 0.20
Granted	2,835,000	0.24
Exercised	(1,640,000)	0.23
Cancelled/expired	(760,000)	0.35
Balance, June 30, 2014	7,060,000	$ 0.19
Granted	6,670,000	0.75
Exercised	(3,750,000)	0.17
Cancelled/expired	(25,000)	0.30
Balance, March 31, 2015	9,955,000	$ 0.57
Number of options currently exercisable	9,955,000	$ 0.57

During the period ended March 31, 2015, the Company granted 2,300,000 stock options at $0.65, 500,000 stock options at $0.76 and 3,870,000 stocks at $0.80 each all for a period of three years. Using the Black-Scholes pricing model, the value of the options granted was calculated to be $2,803,760 which was charged to operations.

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

	Nine months ended March 31, 2015
Fair value per option granted during the period	$ 0.42
Risk-free interest rate	1.25%
Expected dividend yield	0%
Expected stock price volatility	105.6%
Expected option life in years	2.15

The following table summarizes information about stock options outstanding at March 31, 2015:

Exercise price	Number outstanding	Number exercisable	Expiry date
$ 0.15	250,000	250,000	January 18, 2016
$ 0.15	1,300,000	1,300,000	February 25, 2016
$ 0.17	1,185,000	1,185,000	January 10, 2017
$ 0.50	500,000	500,000	May 9, 2017
$ 0.65	50,000	50,000	May 20, 2017
$ 0.65	2,300,000	2,300,000	July 28, 2017
$ 0.76	500,000	500,000	September 2, 2017
$ 0.80	3,870,000	3,870,000	December 22, 2017
Balance, closing	9,955,000	9,955,000	

(in Canadian dollars)

11. CAPITAL STOCK continued

(d) Warrants

Warrant transactions are summarized as follows:

			Nine months ended March 31, 2015	Weighted average exercise price	Year ended June 30, 2014	Weighted average exercise price
Balance, opening			1,064,140	$ 0.24	19,093,871	$ 0.36
Granted		Warrants: November financing	19,245,813	0.65	-	-
		Warrants: March financing	2,914,000	1.00	-	-
		Agents' warrants: November financing	205,304	0.55	-	-
		Agents' warrants: November financing	205,304	0.65	-	-
		Agents' warrants: March financing	182,910	0.85	-	-
	*	Agents' advisory warrants	750,000	0.55	-	-
	**	Agents' sponsorship warrants	250,000	0.60	-	-
	***	ThyssenKrupp Metallurgical Products GmbH	8,569,000	0.67	-	-
Exercised			(3,355,040)	0.52	(2,020,820)	0.25
Expired			-	-	(16,008,911)	0.35
Balance, closing		*	30,031,431	$ 0.69	1,064,140	$ 0.24

* Pursuant to a financial services advisory agreement with MRCC the Company agreed to issue to MRCC, in two stages, 750,000 agents' advisory warrants, and pay MRCC a fee of $190,000, of which $90,000 was paid upfront and the balance of which is payable in 5 monthly installments of $20,000 commencing December 1, 2014. The Company issued 500,000 agents' advisory warrants on December 4, 2014 and 250,000 agents' advisory warrants on January 14, 2015. Each agent's advisory warrant entitles MRCC to purchase a unit of the Company at a price of $0.55 each, on or before December 4, 2016. Each such unit consists of one Common Share and one warrant exercisable at a price of $0.65 per share until December 4, 2016.

The fair value of the agents' advisory warrants granted to MRCC, based on the Black-Scholes pricing model using a risk free interest rate of 1.25%, an expected dividend yield of $nil, a volatility of 107.6%, and an expected life of 1.96 years was calculated to be $312,838 which was charged to operations.

** Pursuant to a sponsorship agreement between MRCC and the Company in connection with the Company's graduation to the Toronto Stock Exchange, MRCC was granted 250,000 agent's sponsorship warrants entitling MRCC to purchase units of the Company at $0.60 per unit until January 14, 2017. Each such unit consists of one Common Share and one warrant exercisable at $0.65 per share until January 14, 2017.

The fair value of the agent's sponsorship warrants, based on the Black-Scholes pricing model using a risk free interest rate of 1.25%, an expected dividend yield of $nil, a volatility of 106.2%, and an expected life of 2.00 years was calculated to be $117,822 which was charged to operations.

*** The Company entered into an offtake agreement with ThyssenKrupp Metallurgical Products GmbH (“ThyssenKrupp”) whereby ThyssenKrupp will purchase 50% of future Ferroniobium production up to 3,750 metric tons from the Elk Creek property for an initial term of ten years from commencement of commercial production which may be extended by mutual agreement of the parties. The Agreement presupposes the Company obtaining project financing, obtaining all necessary approvals and constructing a mine at Elk Creek. Pursuant to the agreement, the Company has granted ThyssenKrupp a non-transferable warrant to acquire 8,569,000 common shares of the Company at an exercise price of $0.67 per common share, which expires on December 12, 2015.

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

(in Canadian dollars)

11. CAPITAL STOCK continued

At March 31, 2015 the Company has outstanding warrants, exercisable as follows:

Number	Exercise Price	Expiry Date
8,569,000	$ 0.67	December 12 2015
17,365,521	0.65	November 10, 2016
750,000	0.55	December 4, 2016
250,000	0.60	January 14,2017
182,910	0.85	February 27, 2017
2,914,000	1.00	February 27, 2017
30,031,431		

12. FLOW THROUGH LIABILITIES

The Company issued 8,337,000 common shares on a flow-through basis for gross proceeds of $2,501,100 in November 2010. The Company recorded a flow-through premium liability of $416,850 based on the premium on the flow-through shares issued. The Company did not incur sufficient eligible expenditures to reduce the flow-through premium liability to $nil leaving a flow through premium liability of $244,890 as of June 30, 2013. The Company has since completed its required flow through tax filings with the Canada Revenue Agency and the liability has been reduced to $nil.

Pursuant to the flow-through share issuance above, the Company was required to incur eligible flow-through expenditures up to November 2011. The Company was short by approximately $1,470,000 in meeting this requirement. Under the subscription agreement the Company has an obligation to indemnify the subscriber for any taxes that may arise from the Company failing to meet the flow-through expenditure requirements. As a result the Company has estimated the indemnification liability to be $778,750.

13. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are individuals having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly, and include senior officers and the board of directors.

Key management personnel remuneration	**Nine months ended March 31, 2015**	Nine months ended March 31, 2014
Short-term compensation	$ 476,837	$ 332,200
Share based compensation	1,428,662	-
Total key management personnel remuneration	$ 1,905,499	$ 332,200

During the nine months ended March 31, 2015, short-term compensation to key management personnel consisted of $393,337 in management fees (2014 - $300,200) and $83,500 of professional fees (2014 - $32,000).

As at March 31, 2015 the Company had outstanding amounts payable to an officer and director of the Company of $17,843 (2014 - $4,565).

During the nine months ended March 31, 2015, the Company paid $nil for rent expense to a company related by a former common director (2014 - $30,132).

14. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholder's equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its exploration and evaluation assets and to provide sufficient funds for its corporate activities.

The Company is in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings to finance its operations. In order to carry out the Company's planned development programs and to pay for administrative cost, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process.

15. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities. The carrying value of receivables, accounts payable and accrued liabilities approximates their fair values due to their immediate or short-term maturity. Cash and marketable securities are carried at fair value using a level 1 fair value measurement.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years.

i) Currency risk

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at March 31, 2015 the Company had a net monetary liability position of US$1,193,000. Each 1% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $11,930.

ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

16. COMMITMENTS

The Company entered into an agreement to lease office space starting August 1, 2014 ending on October 31, 2017. Annual rental payments are $79,523.

17. SUBSEQUENT EVENTS

During the period of April 1, 2015 through May 15, 2015 and pursuant to the exercise of warrants, the Company issued 1,505,301 shares for a total consideration of $1,007,180 less subscriptions received before April 1, 2015 of $41,364 for net proceeds of $965,816.

On April 28, 2015 the Company granted a total of 500,000 incentive stock options with an exercise price of $0.94 per share, to certain of its consultants and employees. 100,000 of the options are exercisable for a period of 4 years, with, 25,000 options vested upon issuance, and an additional 25,000 vested every twelve months thereafter for three years. 400,000 of the options are exercisable for a period of 3 years, with 50% vesting 6 months after issuance, a further 25% vesting 12 months after issuance and the final 25% vesting 18 months after issuance.