NioCorp Developments Ltd.
Unaudited Condensed Consolidated Interim Financial Statements
As at September 30, 2015

NioCorp Developments Ltd.

Consolidated Statements of Financial Position (unaudited)

(expressed in Canadian dollars)

	Note	As of September 30, 2015	June 30, 2015
ASSETS			
Current			
Cash		$ 717,658	$ 939,246
Receivables		152,847	17,005
Marketable securities		64,500	57,001
Prepaid expenses		60,020	72,106
		995,025	1,085,358
Non-current			
Deposits		85,436	83,135
Equipment		25,790	25,184
Exploration and evaluation assets	5	42,081,621	35,715,114
		$ 43,187,872	$ 36,908,791
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6	$ 6,348,676	$ 5,538,659
Related party loan	7	2,678,800	1,846,200
Flow-through tax liability		778,750	778,750
		9,806,226	8,163,609
Convertible Notes	7	975,899	-
Total Liabilities		10,782,125	8,163,609
SHAREHOLDERS' EQUITY			
Capital stock	8	53,790,840	52,578,675
Share-based payment reserve		8,022,475	7,980,727
Accumulated other comprehensive income		3,512,424	-
Deficit		(32,919,992)	(31,814,220)
		32,405,747	28,745,182
		$ 43,187,872	$ 36,908,791

Basis of preparation (note 2)
Commitments (note 15)
Subsequent events (note 16)

On behalf of the Board:

"Mark Smith"
Director

"Michael Morris"
Director

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

NioCorp Developments Ltd.

Consolidated Statements of Loss and Comprehensive Income (Loss) (unaudited)

(expressed in Canadian dollars)

	Note	**for the three months ended September 30, 2015**	2014
Operating expenses			
Consulting		$ 84,316	$ -
Depreciation		2,914	2,367
Employee related costs		367,532	182,798
Financial fees		135,947	-
Finance costs		16,350	-
Foreign exchange (gain) loss		195,883	(9,235)
Investor communication		16,614	34,385
Office and miscellaneous		88,169	78,144
Professional fees		43,677	4,939
Share-based compensation		74,980	1,176,421
Transfer agent and regulatory fees		31,508	8,394
Travel		23,534	36,460
		1,081,424	1,514,673
Change in option conversion component valuation	7	(37,803)	-
Interest expense		69,782	-
Interest income		(132)	(2,639)
Unrealized gain on marketable securities		(7,499)	-
Loss before income taxes		(1,105,772)	(1,512,034)
Income tax expense		-	-
Loss for the period		$ (1,105,772)	$ (1,512,034)
Other comprehensive income (loss):			
Net loss		$ (1,105,772)	$ (1,512,034)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		3,512,424	-
Total comprehensive income (loss)		$ 2,406,652	$ (1,512,034)
Loss per common share, basic and diluted		$ (0.01)	$ (0.01)
Weighted average common shares outstanding		157,599,039	123,387,266

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

NioCorp Developments Ltd.

Consolidated Statements of Cash Flows (unaudited)

(expressed in Canadian dollars)

	for the three months ended September 30, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Total loss for the period	$ (1,105,772)	$ (1,512,034)
Adjustments for:		
Depreciation	2,914	2,367
Change in option conversion component valuation	(37,803)	-
Unrealized (gain) loss on available-for-sale investments	(7,499)	-
Foreign exchange loss	364,917	-
Share-based compensation	74,980	1,176,421
	(708,263)	(333,246)
Change in non-cash working capital items:		
Receivables	(1,736)	(54,497)
Prepaid expenses	14,745	(34,541)
Accounts payable and accrued liabilities	99,514	14,084
Net cash used in operating activities	(595,740)	(408,200)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits	-	24,145
Acquisition of equipment	(3,213)	(11,279)
Land payments	(21,158)	-
Deferred exploration costs	(2,207,794)	(2,446,473)
Net cash used in investing activities	(2,232,165)	(2,433,607)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	1,178,932	129,250
Issuance of convertible notes	868,536	(13,320)
Issuance of related party debt	617,800	-
Net cash provided by financing activities	2,665,268	115,930
Exchange rate effect on cash	(58,951)	-
Change in cash during the period	(221,588)	(2,725,877)
Cash, beginning of period	939,246	2,997,287
Cash, end of period	$ 717,658	$ 271,410
Supplemental cash flow information:		
Amounts paid for interest	$ -	$ -
Amounts paid for income taxes	$ -	$ -
Mineral property expenditures included in accounts payable	$ 5,738,622	$ 5,361,327

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

NioCorp Developments Ltd.

Consolidated Statements of Shareholders' Equity (unaudited)

(expressed in Canadian dollars)

	Shares	Amount	Share-based payment reserve	Accumulated other comprehensive income	Deficit	Total
Balance, June 30, 2014	122,884,716	$ 35,685,480	$ 3,058,819	$ -	$ (22,977,728)	$ 15,766,571
Private placement - November 2014	19,245,813	10,585,197	-	-	-	10,585,197
Private placement - March 2015	2,914,000	2,185,500	-	-	-	2,185,500
Issue costs	-	(830,509)	219,133	-	-	(611,376)
Exercise of warrants	5,125,805	2,949,569	-	-	-	2,949,569
Exercise of options	6,250,000	1,280,250	-	-	-	1,280,250
Fair value of stock options exercised	-	723,188	(723,188)	-	-	-
Fair value of warrants granted to ThyssenKrupp	-	-	2,102,820	-	-	2,102,820
Fair value of warrants for financial services agreement	-	-	312,838	-	-	312,838
Fair value of warrants for sponsorship agreement	-	-	117,822	-	-	117,822
Share-based payments	-	-	2,892,483	-	-	2,892,483
Loss for the year	-	-	-	-	(8,836,492)	(8,836,492)
Balance, June 30, 2015	156,420,334	$ 52,578,675	$ 7,980,727	$ -	$ (31,814,220)	$ 28,745,182
Exercise of warrants	1,682,318	1,123,483	-	-	-	1,123,483
Exercise of options	185,000	55,450	-	-	-	55,450
Fair value of stock options exercised	-	33,232	(33,232)	-	-	-
Share-based payments	-	-	74,980	-	-	74,980
Comprehensive income	-	-	-	3,512,424	(1,105,772)	2,406,652
Balance, September 30, 2015	158,287,652	$ 53,790,840	$ 8,022,475	$ 3,512,424	$ (32,919,992)	$ 32,405,747

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

1. CORPORATE INFORMATION

The Company was incorporated on February 27, 1987 under the laws of the Province of British Columbia. The head office and records office of the Company are located at 7000 South Yosemite Street, Suite 115, Englewood, Colorado, 80112. The Company is quoted on the Toronto Stock Exchange ("TSX") under the symbol "NB”.

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.

2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

These condensed consolidated interim financial statements for the three months ended September 30, 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, 2015, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The results of the interim period are not reflective of full year results.

The accounting policies adopted in the preparation of these 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, 2015, except as noted below. Certain reclassifications have been made to prior year balances in order to conform to the current year’s presentation. There was no impact on net loss, total shareholders' equity, or statement of cash flows from those previously reported.

Change in functional currency
Effective July 1, 2015, the Corporation changed the functional currency for Elk Creek Resources Corp., a wholly-owned subsidiary, from the Canadian Dollar to the U.S. Dollar. This change was made as a greater percentage of expenditures for technical and administrative services, and raised financings are denominated in U.S. Dollars. No other entities in the Group were affected by this change in functional currency. This change in judgement has been accounted for prospectively in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

These condensed consolidated interim financial statements were authorized for issue by the Audit Committee on November 12, 2015.

3. GOING CONCERN ISSUES

The Company incurred a loss of $1,105,772 (2014 - $1,512,034) for the quarter ended September 30, 2015, and has an accumulated deficit of $32,919,992 and working capital deficit of $8,811,201 as of September 30, 2015. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company’s ability to continue operations and fund its expenditures is dependent on Management’s ability to secure additional financing. Management is actively pursuing such 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. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The effect of a change in an accounting estimate is recognized prospectively in the 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.

a) 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:

Fair Value Measurement
A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

The Company measures debt at fair value at inception and amortized cost over the remaining life of the instruments.

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.

Income taxes
Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable

(expressed in Canadian dollars, unless otherwise stated)

outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped. Based on this criterion, no net deferred income tax assets have been recorded. There was no change in this assessment for the period ended September 30, 2015.

b) 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 8.

5. EXPLORATION AND EVALUATION ASSETS

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

	September 30, 2015
Balance, beginning of period	$ 35,715,114
Land payments	$ 16,165
Deferred exploration expenditures:	
Feasibility study and engineering	$ 1,995,845
Drilling	$ 253,496
Field management and other	$ 43,658
Geologists and field staff	$ 17,045
Metallurgical	$ 84,804
Functional currency conversion impacts	$ 3,955,494
	$ 6,350,342
Balance, end of period	$ 42,081,621

Additions to exploration and evaluation assets during the three-month period ended September 30, 2015 related to ongoing costs incurred in connection with a feasibility study, as well as land payments and general project management costs. Functional currency conversion impacts reflect the change in functional currency noted above in Note 2.

(expressed in Canadian dollars, unless otherwise stated)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2015	June 30, 2015
Accounts payable and accrued liabilities	$ 6,206,880	$ 5,485,820
Accounts payable and accrued liabilities to related parties	141,796	52,839
	$ 6,348,676	$ 5,538,659

7. CONVERTIBLE NOTES

The Company completed a non-brokered private placement of unsecured convertible promissory notes (the “Notes”), for gross proceeds of $1.1million (USD$800,000) (the “Private Placement”). The Notes bear interest at a rate of 8%, payable quarterly in arrears, are non-transferable and have a term of three years from the date of issue. Principal under the Notes is convertible by lenders at any time into, and payable by the Company in, common shares of the Company at a conversion price of CAD$0.97 per common share, calculated on conversion or repayment using the then-current Bank of Canada noon exchange rate. Accrued but unpaid interest on the Notes will be convertible by lender into, and payable by the Company in, common shares at a price per common share equal to the most recent closing price of the Company’s common shares prior to the delivery to the Company of a request to convert interest, or the due date of interest, as applicable, calculated using the then-current Bank of Canada noon exchange rate. Interest, when due, is payable either in cash or Shares, at the election of the Company.

The Notes are classified as a compound financial instrument for accounting purposes. The liability component of the Notes is recognized initially at the fair value of a similar liability that does not have an equity conversion option, and the conversion component is initially valued at fair value based on generally accepted valuation techniques. Because the Notes are denominated in a currency that is different from the Company’s functional currency, both the liability and conversion components are carried as borrowings. The fair value of the Conversion Option was determined using the Black-Scholes option pricing model assuming no expected dividends, a volatility of the Company’s share price of 104%, a risk-free interest rate of 1.25%, and an expected life of three years.

Subsequent to initial recognition, the liability component of the Notes is measured at amortized cost using the effective interest method, and is adjusted for changes in foreign exchange rates. The conversion component of the Notes is re-measured to fair value at each reporting period using the period end foreign exchange rate and changes in value are recognized as other income or other expense, as appropriate.

The following table discloses the Canadian dollar and U.S. dollar values associated with this transaction on the closing date:

	CAD$	USD$
Face value of Notes on closing	1,063,307	800,000
Transaction costs	(60,665)	(45,643)
Net proceeds	1,002,642	754,357
Liability component	523,833	394,116
Option conversion component	478,809	360,241

Receivables as of September 30, 2015 include $134,105 of finance proceeds which were received in early October, 2015.

(expressed in Canadian dollars, unless otherwise stated)

Changes in the Notes balance are comprised of the following:

		Convertible Notes
Notes, beginning balance	$	1,002,642
Accreted interest	$	3,138
Change in option conversion component valuation	$	(37,804)
Foreign exchange	$	7,923
Debentures, end of period	$	975,899

8. CAPITAL STOCK

a) Authorized
Unlimited common shares without par value

b) 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, 2015	8,105,000	$	0.69
Exercised	(185,000)		0.30
Cancelled/expired	(200,000)		0.80
Balance, September 30, 2015	7,720,000		0.70
Number of options currently exercisable	7,220,000	$	0.68

The following table summarizes information about stock options outstanding at September 30, 2015:

Exercise price	Number outstanding	Number exercisable	Expiry date
$ 0.15	250,000	250,000	January 18, 2016
$ 0.15	300,000	300,000	February 25, 2016
$ 0.17	50,000	50,000	January 10, 2017
$ 0.50	500,000	500,000	May 9, 2017
$ 0.65	50,000	50,000	May 20, 2017
$ 0.65	1,750,000	1,750,000	July 28, 2017
$ 0.76	500,000	500,000	September 2, 2017
$ 0.80	3,820,000	3,820,000	December 22, 2017
$ 0.94	500,000	-	April 28, 2018
Balance, September 30, 2015	7,720,000	7,220,000	

(expressed in Canadian dollars, unless otherwise stated)

c) Warrants
Warrant transactions are summarized as follows:

	Warrants	Weighted avg exercise price
Balance, June 30, 2015	28,260,666	$ 0.73
Exercised	(1,682,318)	0.67
Balance September 30, 2015	26,578,348	$ 0.69

At September 30, 2015 the Company has outstanding exercisable warrants, as follows:

Number	Exercise Price	Expiry Date
7,068,500	$ 0.67	December 12, 2015
15,612,938	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
2,714,000	1.00	February 27, 2017
26,578,348		

9. 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 an initial flow-through premium liability of $416,850 based on the premium on the flow-through shares issued. The Company completed its required flow through tax filings with the Canada Revenue Agency during the year ended June 30, 2014, and reduced the remaining liability to $nil by recording $244,890 as other income for the year then ended.

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. The Company will process any claims received through April 30, 2016 against this accrual, after which the remaining balance will be credited in the statement of loss.

10. 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.

	Three months ended September 30,	
Key management personnel remuneration	**2015**	2014
Short-term compensation	$ 181,446	$ 140,145
Share based compensation	-	644,900
Total key management personnel remuneration	$ 181,446	$ 785,045

On June 17, 2015, the Company entered into a one-year loan in the amount of $1,846,200 (or US$1,500,000) with Mark A. Smith, Chief Executive Officer and Executive Chairman of NioCorp. The one year term loan bears an interest rate of 10%, is secured by the Company's assets pursuant to a concurrently executed general security agreement, and is subject to both a 2.5% establishment fee and 2.5% prepayment fee.

On July 1, 2015, the Company entered into a non-revolving credit facility agreement in the amount of US$2.0 million with Mark Smith and completed a drawdown of $617,800 (or US$500,000) on that day. Each draw on the credit facility made by the Company will be secured and evidenced by a promissory note in favor of Mr. Smith. The credit facility bears an interest rate of 10%, is secured by the Company's assets pursuant to a general security agreement, and is subject to both a 2.5% establishment fee and 2.5% prepayment fee. The amounts outstanding under the credit facility will become due June 17, 2016.

As of September 30, 2015, interest and establishment fees payable to Mr. Smith totaled $141,796.

11. 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 and 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 costs, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, Management has in place a planning and budgeting process.

12. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities, convertible notes and related party loans. Cash and marketable securities are carried at fair value using a level 1 fair value measurement. Convertible notes are carried at fair value using a level 2 fair value measurement. The carrying value of all other financial instruments approximates their fair values due to their immediate or short-term maturity.

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.

a) *Credit risk*
Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its cash with established Canadian and US banking institutions. The Company holds minimal receivables. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash.

b) *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 of September 30, 2015 the Company had a net monetary liability position of US$4.1 million. Each 1% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $41,000.

c) *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.

d) *Equity market risk*

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