NIOCORP DEVELOPMENTS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2016

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The following Management's Discussion and Analysis ("MD&A") is as of May 16, 2016 and relates to the consolidated financial condition and results of operations of NioCorp Developments Ltd. ("NioCorp" or the "Company") as of March 31, 2016. The MD&A supplements and complements the Company's unaudited condensed consolidated financial statements for the three and nine months ended March 31, 2016 (the "Interim Consolidated Financial Statements") and the notes thereto. Other relevant documents to be read with this MD&A include the Company's audited annual consolidated financial statements for the year ended June 30, 2015, the Company's MD&A for the year ended June 30, 2015, the Company's October 2015 Preliminary Economic Assessment in respect of its Elk Creek Project (the "October 2015 PEA"), and the Company's Annual Information Form ("AIF") for the year ended June 30, 2015. Comparison is provided to the three- and nine-month periods ended March 31, 2015. All financial information herein, and in disclosure with respect to the Company's eight most recently completed financial quarters, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All monetary figures expressed herein are in Canadian Dollars ("CAD") unless otherwise indicated. United States Dollars ("USD") are referred to as "US$."

## CAUTIONARY STATEMENTS

### Forward-Looking Statements

Except for statements of historical fact, certain statements contained in this MD&A constitute forward-looking statements, as such term is defined under applicable securities laws. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results, or other developments. Forward-looking statements are necessarily based on estimates and assumptions, which are always subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond NioCorp's control and many of which, regarding future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from results expressed in any forward-looking statements made by or on the Company's behalf. Although NioCorp has tried to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated, or intended. All factors should be considered carefully and readers should not place undue reliance on NioCorp's forward-looking statements. Examples of such forward-looking statements within this MD&A include statements relating to the following: the future price of metals and other commercial products or materials; future capital expenditures; success of exploration activities; mining and/or processing issues; government regulation of mining operations; success in attracting sufficient project capital; environmental risks; and others. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "expects," "estimates," "anticipates," or variations of such words and phrases or statements that certain actions, events, or results "may," "could," or "might" occur. Forward-looking statements are made based on management's beliefs, estimates, and opinions, and are given only as of the date of this MD&A. The Company undertakes no obligation to update forward-looking information if these beliefs, estimates, and opinions or other circumstances should change, except as may be required by applicable law.

Forward-looking statements reflect NioCorp's current views with respect to expectations, beliefs, assumptions, estimates, and forecasts about the Company's business and the industry and markets in which the Company operates. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions that are difficult to predict. Assumptions underlying the Company's expectations regarding forward-looking statements or information contained in this MD&A

include, among others, the following: the Company's ability to comply with applicable governmental regulations and standards; the Company's success in implementing its strategies and achieving the Company's business objectives; the Company's ability to raise sufficient funds from equity financings and debt instruments in the future to support its operations; and general business and economic conditions. The above list of assumptions is not exhaustive. Persons reading this MD&A are cautioned that forward-looking statements are only predictions, and that the Company's actual future results or performance are subject to certain risks and uncertainties. See "*Risk Factors*" below for further details.

See also "*Forward-Looking Statements*" in the Company's AIF dated September 25, 2015, available on SEDAR at www.sedar.com, for further detail.

Qualified Persons

Jeff Osborn, BSc Mining, MMSAQP of SRK Consulting (US) Inc. ("SRK"), a Qualified Person as defined by NI 43-101 (as defined below), has overall responsibility for SRK portions of each Elk Creek Project Preliminary Economic Assessment and has read and approved the technical information contained in this MD&A.

Eric Larochelle, B.Eng, SMH Process Innovation, a Qualified Person as defined by NI 43-101, is responsible for the Elk Creek Project hydrometallurgical and mineral processing programs and has read and approved the technical information contained in this MD&A.

## Mineral Reserves and Mineral Resources

All Mineral Reserves and Mineral Resources referenced in this MD&A and the Company's other public filings are estimated in accordance with National Instrument 43-101, *Standards of Disclosure for Mineral Projects* ("NI 43-101") of the Canadian Securities Administrators (the "CSA") and Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards. While terms associated with various categories of "Mineral Reserve" or "Mineral Resource" are recognized and required by Canadian regulations, they may not have equivalent meanings in other jurisdictions outside Canada, and no comparison should be made or inferred. Actual recoveries of mineral products may differ from those estimated in the Mineral Reserves and Mineral Resources due to inherent uncertainties in acceptable estimating techniques. In particular, Inferred Mineral Resources have a great amount of uncertainty as to their existence, economic, and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher confidence category. Investors are cautioned not to assume that all or any part of the Mineral Resources that are not Mineral Reserves will ever be converted into Proven Mineral Reserves or Probable Mineral Reserves. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

## Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated, and Inferred Resources

This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. Unless otherwise indicated, all resource and reserve estimates included in this document have been prepared in accordance with NI 43-101 and the CIM Classification System. NI 43-101 is a rule developed by the CSA which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission ("SEC"), and resource information contained in this MD&A may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves." Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "Measured Mineral Resources," "Indicated Mineral Resources," or "Inferred Mineral Resources," or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. U.S. investors should also understand that "Inferred Mineral Resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "Inferred Mineral Resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "Inferred Mineral Resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an "Inferred Mineral Resource" exists or is economically or legally mineable.

## BUSINESS OVERVIEW

NioCorp is developing a superalloy materials project that will produce niobium, scandium, and titanium. Known as the "Elk Creek Project", it is located near Elk Creek, Nebraska, in the southeast portion of the state.

- **Niobium** is used to produce various superalloys that are extensively used in high performance aircraft and jet turbines. It also is used in High Strength, Low Alloy ("HSLA") steel, a lighter, stronger steel used in automotive, bridges, structural systems, buildings, pipelines, and other applications.
- **Scandium** can be combined with aluminum to make super-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 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.

The Company's primary business strategy is to advance the Elk Creek Project to commercial production. NioCorp is focused on obtaining additional funds to carry out its near-term planned work programs to complete a feasibility study (the "Feasibility Study") for the Elk Creek Project, as described below under *"Liquidity and Capital Resources"*. Subject to delivering a positive Feasibility Study for the Elk Creek Project, the Company intends to secure the project financing necessary to complete mine development and construction of the Elk Creek Project.

NioCorp is a Canadian corporation incorporated in the Province of British Columbia. The common shares of the Company (the "Common Shares") trade on the Toronto Stock Exchange ("TSX") under the trading symbol "NB." In addition, the Company trades on the United States OTCQX as "NIOBF," and on the Frankfurt Stock Exchange as "BR3."

**2016 Q3 HIGHLIGHTS**

The Company operates on a fiscal year that closes on June 30. The following highlights are from the Company's third quarter 2016 period, which closed on March 31, 2016:

### Strategic

- The Company continued to make progress with respect to completing a Feasibility Study for its Elk Creek Project, which included bench and pilot scale metallurgical testing to provide data for the Feasibility Study plant design, ongoing permitting activities with the US Army Corps of Engineers, the state of Nebraska and Johnson County, Nebraska and advanced hydrogeologic modelling of the regional aquifer associated with the Mineral Resource.
- The Company conducted its 2016 Annual Meeting on February 23, 2016. In addition to approving the reelection of all Board members standing for reelection, shareholders also elected Anna Castner Wightman, to the Board. Ms. Wightman is a sixth generation Nebraskan who currently serves as Vice President of Government Relations for First National Bank in Omaha, Nebraska.
- The Company conducted another in a series of Town Hall meetings with residents of Eastern Nebraska to discuss its Elk Creek Project. A capacity crowd of nearly 400 residents attended, with strong and vocal support expressed for the project by many residents.
- Three additional land agreements were completed with landowners in the Elk Creek area, bringing the total acreage subject to the company's option to purchase for mineral and/or surface rights to 3,963 acres.
- The Company retained additional engineering and geologic staff to support the completion of a Feasibility Study, and boosted its local business presence in southeast Nebraska by expanding the operational hours of its Tecumseh, Nebraska office.

### Financing and Other

- On December 15, 2015, the Company announced the signing of a definitive convertible security funding agreement (the "Lind Agreement") with Lind Asset Management IV, LLC ("Lind"). Through December 31, 2015, an initial US$4.0 million was funded pursuant to the issuance of an initial convertible security ("Convertible Security"), with an additional US$0.5 million received as of January 19, 2016 on the issuance of a further equivalent amount of the Convertible Security, including interest. The Convertible Security is for a term of two years, and carries prepaid interest at a rate of 10% per annum. Lind can increase the funding under the Convertible Security by an additional US$1.0 million during its two-year term. Further, provided certain conditions are met, the Company will have the right to call an additional US$ 1.0 million under the initial Convertible Security. Please refer to the Company's news releases of December 15, 2015, December 23, 2015, December 30, 2015, and January 20, 2016, as well as the Lind Agreement and the Company's information circular in respect of its 2016 Annual General Meeting dated January 19, 2016 (available under the Company's profile at www.sedar.com) for further details.
- On January 19, 2016, the Company announced the closing of a non-brokered private placement (the "January Private Placement") of 9,074,835 Units of the Company at a price of $0.57 per Unit, which raised gross proceeds of $5.2 million. Each "Unit" consists of one Common Share of the Company and one transferable Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to acquire one additional Common Share for a period of 3 years at a price of $0.75 per Common Share.
- The Company received $1.5 million in proceeds from warrant and option exercises during the quarter ended March 31, 2016.

## RECENT DEVELOPMENTS

During the quarter ended March 31, 2016, the Company advanced Elk Creek Project permitting and continued to work with the US Army Corps of Engineers on a jurisdictional delineation of the project area. The Company also advanced environmental data collection in the project area and worked with Johnson and Pawnee Counties on zoning and infrastructure matters related to the development of the mine and the associated surface facilities. Progress also was made during the quarter with respect to completing a Feasibility Study for the project, which included additional bench and pilot scale metallurgical testing which are needed for the Feasibility Study plant design. Advanced hydrogeologic modelling of the regional aquifer was completed, which reduced the prospective peak inflow to the mine on the order of 30%. Along with the modeling work, an evaluation was completed on a range of options for managing the water produced by mine dewatering operations.

Management is committed to ensuring the Feasibility Study meets our very rigorous standards for excellence. Fundraising efforts are continuing to advance the Feasibility Study to completion.

### Financing

On December 22, 2015, the Company closed the first tranche of its private placement with Lind, which comprised an aggregate of (received in tranches ending January 19, 2016) US$4.5 million principal amount 10% secured Convertible Security and 3,125,000 transferable Common Share purchase warrants (the "Lind Warrants"). The Convertible Security has a term of two years from its date of issuance, and interest on the Convertible Security is prepaid and added to its principal amount; accordingly, the initial face value of the Convertible Security is US$5.4 million, and the yield of the Convertible Security (if held, unconverted, to maturity) will be 10% per annum, or US$0.9 million. Each Lind Warrant entitles the holder to purchase one additional Common Share at a price of $0.72 on or before December 22, 2018. The Company received gross proceeds of $5.6 million (or US$4.0 million) as of December 31, 2015, with the remaining $0.7 million (or US$0.5 million) received by January 19, 2016.

The Convertible Security and Lind Warrants were issued pursuant to the Lind Agreement. The Convertible Security is convertible into Common Shares of the Company at a conversion price equal to 85% of the volume weighted average trading price of the Common Shares on the TSX (in Canadian dollars) for the five (5) consecutive trading days immediately prior to the date on which Lind provides the Company with notice of its intention to convert an amount of the Convertible Security from time to time. The issuance of the Convertible Security and the Lind Warrants was completed on a non-brokered private placement basis.

The Convertible Security is classified as a compound financial instrument for accounting purposes. Because the Convertible Security is denominated in a currency that is different from the Company's functional currency, both the liability and conversion components are carried as borrowings. During the three months ended March 31, 2016, upon the final funding of the convertible security, the Company recorded the fair values of each of the components and allocated the proportionate costs of the security resulting in some revisions to previously recorded amounts which were not material.

The Convertible Security is secured by the assets of the Company, being the shares of its subsidiaries 0896800 B.C. Ltd. and Elk Creek Resources Corp ("ECRC"). The Debenture is also secured by a security interest over all assets of ECRC. The Convertible Security contains financial and non-financial covenants customary for a facility of this size and nature, and includes a financial covenant defining an event of default as all present and future liabilities of the Company or any of its subsidiaries, exclusive of related party loans, for an amount or amounts exceeding $2.0 million, and which have not been satisfied on time or within 90 days of invoice, or have become prematurely payable as a result of its default or breach. This covenant became effective after February 1, 2016, and the Company remains in compliance through to the date hereof.

On December 15, 2015, the Company announced that it would conduct a private placement of up to nine million units (each a "Unit") of the Company at a price of $0.57 per Unit to raise gross proceeds of up to $5.13 million (the "December Private Placement"). On January 19, 2016, the Company announced the closing of the December Private Placement on an oversubscribed basis and issued 9,074,835 Units of the Company at a price of $0.57 per Unit, which raised total gross proceeds of $5.2 million, of which $3.2 million was received as of December 31, 2015. Each Unit consists of one Common Share of the Company and one transferable Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to acquire one additional Common Share of the Company for a period of 3 years at a price of $0.75 per Common Share. In addition, the Company issued 75,450 broker warrants at closing, each having the same terms as a Warrant, with the exception of transferability. See "Cash Flow Considerations" below for information concerning the use of proceeds.

Pursuant to a financial services advisory agreement with Mackie Research Capital Corporation ("MRCC") the Company issued 500,000 advisory warrants on December 4, 2014 and 250,000 advisory warrants on January 14, 2015 (the "Advisory Warrants"). Each Advisory Warrant entitled MRCC to purchase a unit of the Company at a price of $0.55 each, on or before December 4, 2016 (each an "Advisory Unit"). Each Advisory Unit consisted of one Common Share and one warrant exercisable at a price of $0.65 per share until December 4, 2016. These Advisory Warrants were exercised during the three-month period ended March 31, 2016, resulting in gross proceeds to the Company of $412,500, the issuance of 750,000 Common Shares and granting of an additional 750,000 warrants comprised in the Advisory Units.

Pursuant to a sponsorship agreement between MRCC and the Company in connection with the Company's graduation to the Toronto Stock Exchange, the Company issued 250,000 agent's sponsorship warrants on January 14, 2016 (the "Sponsor Warrants"), entitling MRCC to purchase a unit of the Company (the "Sponsor Units") at $0.60 per Sponsor Unit until January 14, 2017. Each Sponsor Unit consisted of one common Share and one warrant exercisable at $0.65 per share until January 14, 2017. These Sponsor Warrants were exercised during the three-month period ended March 31, 2016, resulting in gross proceeds to the Company of $150,000, the issuance of 250,000 Common Shares and the granting of an additional 250,000 warrants comprised in the Sponsor Units.

During the quarter ended March 31, 2016, 100% of the warrants underlying the Advisory Units and the Sponsor Units were exercised, resulting in gross proceeds of an additional $650,000 to the Company and the issuance of an additional 1,000,000 Common Shares.

## OVERALL PERFORMANCE

| | for the three months ended March 31, | | For the nine months ended March 31, | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| Operating expenses | $ 939,134 | $ 1,269,658 | $ 3,080,638 | $ 7,225,182 |
| Net loss | $ 2,497,037 | $ 1,272,217 | $ 4,664,909 | $ 7,220,818 |
| Net loss per share (basic and diluted) | $ (0.02) | $ (0.01) | $ (0.03) | $ (0.06) |

The Company's net loss increased to $2.5 million for the three months ended March 31, 2016 from $1.3 million for the same period in 2015. This increase of $1.2 million was primarily due to the valuation of the option conversion components of the Company's convertible debt instruments ($1.0 million) and interest expense incurred on the Company's outstanding debt instruments ($0.5 million). These increases were offset by a decline in general operating expenses of $0.3 million.

The Company's net loss decreased to $4.7 million for the nine months ended March 31, 2016 from $7.2 million for the same period in 2015. This decrease of $2.5 million was primarily due to a decline in share-based compensation expense ($2.1 million), the recognition of the fair value of warrants issued during 2015 ($2.5 million) and the favorable foreign currency impacts during 2016 ($0.6 million), partially offset by overall increases in other operating expenses ($1.1 million) the valuation of the option conversion components of the Company's convertible debt instruments ($0.8 million), and interest expense incurred on the Company's outstanding debt instruments ($0.8 million).

See "Results of Operations" below for further analysis of items impacting operating expense and net loss.

## Results of Operations

The Company has not generated revenues to date. Operating expenses incurred related primarily to performing the activities necessary to support corporate and shareholder duties, and are detailed in the following table.

| | for the three months ended March 31, | | For the nine months ended March 31, | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| **Operating expenses:** | | | | |
| Consulting and financial services | $ 156,576 | $ 80,690 | $ 546,616 | $ 199,358 |
| Depreciation | 2,924 | 3,424 | 8,765 | 8,090 |
| Employee related costs | 387,672 | 296,704 | 1,081,755 | 650,620 |
| Fair value of warrants granted | - | 275,457 | - | 2,533,480 |
| Finance costs | 86,370 | - | 253,970 | - |
| Foreign exchange (gain) loss | (815,592) | 10,878 | (573,494) | 27,924 |
| Investor communication | 62,717 | 21,124 | 138,601 | 93,021 |
| Office and miscellaneous | 133,471 | 126,541 | 295,537 | 248,419 |
| Professional fees | 203,481 | 159,777 | 365,887 | 245,775 |
| Share-based compensation | 620,260 | - | 749,287 | 2,803,760 |
| Transfer agent and regulatory fees | 59,780 | 233,445 | 99,687 | 265,499 |
| Travel | 41,475 | 61,618 | 114,027 | 149,236 |
| Total operating expenses | **939,134** | **1,269,658** | **3,080,638** | **7,225,182** |
| Change in option conversion component valuation | 1,008,722 | - | 801,510 | - |
| Interest expense | 523,681 | - | 764,958 | - |
| Other | 25,500 | 2,559 | 17,803 | (4,364) |
| Income tax expense (benefit) | - | - | - | - |
| **Net Loss** | **$ (2,497,037)** | **$ (1,272,217)** | **$ (4,664,909)** | **$ (7,220,818)** |

Overall, the decrease in operating expenses reflects the timing of warrant and share-based compensation issuances between periods, offset slightly by increased employee related costs, finance costs and consulting and financial services. Significant items affecting operating expenses are noted below:

*Consulting and financial services* represent costs for finance-related services and third-party support services. These costs during 2016 reflect the engagement of financial advisors to assist with financing efforts and amounts paid for transition services to former Vancouver-based employees.

*Employee related costs* represent costs incurred for general management of the Company. These costs increased during 2016, as compared to 2015, reflecting an increase in accounting, finance, Investor Relations, and legal personnel to support increased financing efforts and general operational activities, as well as the foreign currency impacts of USD-denominated salary translation to CAD.

*Fair value of warrants granted* relates to the issuance of warrants. Costs incurred in the prior year reflect the Advisory Unit and Sponsorship Unit warrants issued to MRCC as discussed above under "Financing", and warrants issued to ThyssenKrupp as discussed below under "*Contractual Obligations and Off Balance Sheet Arrangements*."

*Finance costs* represent fees and costs associated with financial transactions. Costs incurred for the nine months ended March 31, 2016 primarily reflect the portion of Convertible Security transaction costs related to the option conversion component, which were expensed on the closing date.

*Foreign exchange (gain) loss* is primarily due to changes in the USD against the CAD as applied to USD-denominated transactions, the funding of USD banks, and the balance of USD-denominated accounts payables and debt. Variances are based on timing of individual transactions and payments, and the gains for the three- and nine-month period ended March 31, 2016 reflect the overall strengthening of the CAD against USD during these periods, predominantly applied to USD-denominated debt and partially offset by CAD-denominated payables at the Elk Creek Project.

*Office and miscellaneous* costs represent general costs incurred for office support, and increased during the nine-month period ended March 31, 2016 primarily due to additional rent expense associated with opening the Company's Centennial, Colorado office.

*Professional fees* primarily represent costs incurred for legal and accounting services. These fees increased slightly during the nine-month period ended March 31, 2016 primarily due to third-party costs to support financing efforts.

*Share-based compensation* is related to grants of stock options. This represents non-cash charges, with the value of the options being calculated using the Black-Scholes pricing model as determined at the date of grant. Variations between periods reflect the timing of individual stock option grants and the increase in employee headcount. The value of stock-based compensation expensed is added to the share-based payment reserve within shareholders' equity, resulting in no net effect on total shareholders' equity. The decrease in expense in 2016 compared to 2015 reflects the timing and amount of stock option grants, as well as changes in vesting periods. Options granted in 2015 were vested immediately, resulting in 100% of the value being expensed upon grant. Options granted in 2016 vest over an 18-month period, and the corresponding option value is being expensed over the same period.

*Change in option conversion component* represents non-cash changes in the market value of the option conversion components of the Company's current year convertible debt arrangements.

*Interest expense* represents interest accrued under a related party loan (as discussed below under "Related Party Transactions") and the Company's convertible debt arrangements. Increases in 2016 over 2015 are based on the timing of the closing of the individual debt instruments.

## Exploration and Evaluation Assets

Exploration and evaluation assets ("EEA") include the cost of mineral licenses as well as costs incurred directly in exploration and evaluation activities. The following table presents expenditures capitalized at the Elk Creek Project during the nine months ended March 31, 2016:

| | **Expenditures** |
|---|---|
| Feasibility study and engineering | $ 2,552,263 |
| Field management and other | 601,716 |
| Drilling | 255,738 |
| Metallurgical | 236,082 |
| Land payments | 175,815 |
| Geologists and field staff | 54,011 |
| Other: | |
| Functional currency conversion impacts | 2,643,414 |
| **Total** | **$ 6,519,039** |

EEA expenditures during the current period primarily consisted of costs related to activities discussed above under "*Recent Developments,*" as well as general project management costs. Work completed in the last nine months includes the completion of diamond drill holes at the shaft and vent raise locations, metallurgical testing at SGS and KPM laboratories, the completion of an updated PEA by SRK and Norda Stelo, and the execution of additional land purchase agreements with landowners in the Elk Creek area. Regarding the Elk Creek Project's Feasibility Study, management is committed to ensuring the Feasibility Study meets our very rigorous standards for excellence. Fundraising efforts are continuing to advance the Feasibility Study to completion, with the following work categories remaining to be completed:

| | **Planned Expenditures (US$000)** |
|---|---|
| Engineering Services | $ 2,730 |
| Metallurgy / Process Design | 1,650 |
| Project Infrastructure and Logistics | 165 |
| Geology & Resources | 50 |
| Market Economics | 50 |
| Contingency (8%) | 390 |
| Total | $ 5,035 |

The continued operations of the Company and the recoverability of the amounts shown for EEA is dependent upon the ability of the Company to obtain the necessary financing to complete the development of the Elk Creek Project, and upon future profitable production, as discussed below under "*Liquidity and Capital Resources.*"

## SUMMARY OF QUARTERLY RESULTS

The following is a summary of results from the Company's eight most recently completed quarters:

| | Revenues | Net Loss | Net Loss per share[1] |
|---|---|---|---|
| March 31, 2016 | $ Nil | $ 2,497,037 | $ 0.02 |
| December 31, 2015 | Nil | 1,062,100 | 0.00 |
| September 30, 2015 | Nil | 1,105,772 | 0.01 |
| June 30, 2015 | Nil | 1,615,674 | 0.01 |
| March 31, 2015[3] | Nil | 1,272,217 | 0.01 |
| December 31, 2014[4] | Nil | 4,436,567 | 0.03 |
| September 30, 2014[5] | Nil | 1,512,034 | 0.01 |
| June 30, 2014[6] | Nil | 758,567 | 0.02 |

1 Basic and diluted loss per share
2 Net Loss includes $1,008,722 of option conversion component valuation expense, $620,260 of share-based compensation expense, and $523,681 of interest expense, offset by $815,592 of foreign exchange gain.
3 Net Loss includes $275,457 of warrants expense incurred in connection with financing arrangements.
4 Net Loss includes $1,627,339 of share-based compensation expense and $2,258,023 of warrant issuance expense.
5 Net Loss includes $1,176,421 of share-based compensation expense.
6 Net Loss includes$407,249 of share-based compensation expense.

The Company's financial results are primarily impacted by the timing and nature of technical work programs directed towards the completion of the Company's Feasibility Study and the award of share-based compensation and service-related warrants. To date, the timing of exploration and other fieldwork activities have not been subject to significant weather impacts or seasonality. In addition, the Company's exposure to USD currency fluctuations in prior periods has been limited as NioCorp's USD-based net monetary assets have not been material to the overall financial position. This exposure increased over the prior period, as US-based employees and contractors have increased.

## OTHER ITEMS

On January 29, 2016, the Company announced that Tony Fulton resigned from the NioCorp Board of Directors, effective immediately, as a result of his confirmation by the Nebraska Legislature to serve as Nebraska Tax Commissioner. Subsequently, on February 23, 2016, the Company's shareholders approved a motion appointing Anna Castner Wightman of Omaha, Nebraska, to the Company's Board of Directors. A sixth generation Nebraskan and a graduate of Nebraska Wesleyan University, Ms. Wightman currently serves as Vice President of Government Relations for First National Bank in Omaha, Nebraska, and served on the Boards of Directors of the Nebraska Chamber of Commerce, Rose Theater for Performing Arts, and Joslyn Castle.

On April 20, 2016, the Company announced an early warrant exercise program (the "Program") designed to encourage the early exercise of (unlisted) share purchase warrants exercisable at $0.65 that otherwise expire on November 10, 2016 (the "November 2016 Warrants"). An estimated 11,250,256 November 2016 Warrants are available to be exercised during a prescribed period under the Program. Proceeds from the Program will be available to fund the Company's ongoing work to complete its Elk Creek Project Feasibility Study and to fund future planned capital growth expenditures.

The Program and its commencement are subject to disinterested shareholder approval, which will be sought at a Special Meeting of Shareholders to be held on Tuesday May 17, 2016 at 10 a.m. Mountain time, as well as final TSX approval. Full details of the Program, including The Company's information circular dated April 18th, 2016 in respect of the required shareholder approval of the Program, are available on the Company's website at www.niocorp.com or at www.sedar.com.

## LIQUIDITY AND CAPITAL RESOURCES

| | For the nine months ended March 31, 2016 | 2015 |
|---|---|---|
| **Cash flows** | | |
| Operating cash flows | $ (2,916,250) | $ (1,761,261) |
| Investing cash flow | (9,165,280) | (13,338,785) |
| Financing cash flows | 14,146,167 | 14,584,182 |
| Exchange rate effect on cash | (218,600) | - |
| Change in cash flow | $ 1,846,037 | $ (515,864) |

| | As of **March 31, 2016** | June 30, 2015 |
|---|---|---|
| Working capital (deficit) | $ 352,799 | $ (7,078,251) |
| Total assets | 45,353,190 | 36,908,791 |
| Non-current liabilities | 8,045,419 | - |
| Total equity | 34,647,611 | 28,745,182 |

As of March 31, 2016, the Company had cash of $2.8 million compared to $0.9 million as of June 30, 2015, and had working capital of $0.4 million as of March 31, 2016, compared to a working capital deficit of $7.1 million as of June 30, 2015. Factors impacting the changes in cash and working capital are discussed below.

### Operating Activities

During the nine months ended March 31, 2016, operating activities consumed $2.9 million (2015: $1.8 million) of cash. The cash used in operating activities reflects the funding of losses of $4.7 million (2015: $7.2 million), adjusted for non-cash items of fair value of warrants granted during 2016 of $nil (2015: $2.5 million), changes in option conversion component valuations of $0.8 million (2015: $nil), accretion of convertible debt of $0.6 million (2015: $nil) share-based compensation totaling $0.7 million (2015: $2.8 million), the impact of exchange rate changes on cash totaling ($0.2) million (2015: $nil) and other minor non-cash adjustments. Overall, the increase in operating cash outflows is due to additional administrative costs associated with the continuing ramp-up of Company infrastructure to support expanding development work. Going forward, the Company's working capital requirements are expected to increase substantially in connection the development of the Elk Creek Project.

### Investing Activities

The Company's primary investing activity is its expenditures on EEA. During the nine months ended March 31, 2016, the Company spent $9.2 million (2015: $13.3 million) on the Elk Creek Project. Details of expenditures for the nine months ended March 31, 2016 are more fully described above at "*Exploration and Evaluation Assets*."

### Financing Activities

For the nine months ended March 31, 2016, the Company received net cash provided from financing activities of $14.1 million (2015: $14.6 million) from the issuance of net convertible debt totaling $7.2 million (2015: nil), the receipt of $5.2 million from private placements, net of $0.1 million of share issue cost (2015: $12.2 million, net of $0.6 million of share issue cost), the exercise of warrants and options totaling $2.7 million (2015: $2.4 million), offset by a net repayment of $0.8 million for related party debt (2015: $nil), as more fully described below under "*Related Party Transactions*."

The proposed use of net proceeds of the Convertible Security is generally as follows:

| **Description** | **Amount (in US$ millions)** |
|---|---|
| Advancement of the feasibility study on the Elk Creek Property[1] | $2.2 |
| Satisfaction of outstanding accounts payable[2] | 0.405 |
| General and administrative expenses: | |
| Financial advisory services | 0.16 |
| Salaries and wages | 0.65 |
| Unallocated working capital | 0.95 |
| **Total Net Proceeds[3]** | $4.365 |

1 Please refer to the October 2015 PEA for further information regarding the Elk Creek Property.
2 Other than those accounts payable related to the advancement of the feasibility study on the Elk Creek Project, disclosed above.
3 Total funding received, less closing fees paid to Lind

The Company's actual use of proceeds from the Convertible Security have not deviated from the table above.

The Company previously disclosed that proceeds from the January Private Placement would be used to advance the Feasibility Study and for general working capital purposes. $2.5 million of proceeds were spent on Feasibility Study-related expenditures, with the remainder used for working capital. Working capital expenditures included $1.6M used for repayment of Smith Loan as detailed below under "*Related Party Transaction*s." The original use of the funds from the Smith Loan were to provide short-term funding to allow work related to the Feasibility Study on the Elk Creek Property while longer-term funding arrangements were negotiated.

## Cash Flow Considerations

As of March 31, 2016, the Company had working capital of $0.4 million compared to a working capital deficit of $7.1 million as of June 30, 2015. This positive change in working capital is the result of the closing of financing transactions initiated by the Company during the nine months ended March 31, 2016.

Related party loans totaling $1.3 million and convertible debt instruments totaling $7.9 million are scheduled to become due prior to the Company earning any revenue from its operations. The Company cannot predict the timing and/or amount of Common Share conversions that may occur under these obligations. Accordingly, the Company may be required to raise additional capital by completing either debt or equity financing to satisfy its remaining obligations pursuant to these obligations.

The Company has historically relied primarily on equity financings, and more recently convertible debt financings, to satisfy its capital requirements, and will continue to depend heavily upon equity capital to finance its activities. The Company may pursue debt financing in the medium term if it is able to procure same on terms more favorable than the available equity financing. 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 and debt financings.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and on 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 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, further development and construction of the Elk Creek Project will require substantial additional capital resources. This includes near-term funding and, ultimately, funding for project construction and other costs. See "*Financing*" above for greater detail on the Company's recent financings and discussion of arrangements related to possible future equity and/or debt financing(s).

| | | Payments due by period | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1 - 3 years | 4 - 5 years | After 5 years |
| Debt | $ 9,602,668 | $1,353,112 | $7,170,369 | $1,079,187 | $ - |
| Operating leases | 561,354 | 288,115 | 204,743 | 68,495 | - |
| Total contractual obligations | **$ 10,164,022** | **$1,641,227** | **$7,375,112** | **$1,147,682** | **$ -** |

## FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities, convertible notes, and related party loans. The carrying value of receivables, accounts payable and accrued liabilities, and related party loans 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. The liability component of convertible notes is measured at amortized cost using the effective interest method, and is adjusted for changes in foreign exchange rates. The conversion component of convertible notes is re-measured to fair value at each reporting period using the period end foreign exchange rate.

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. 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 reporting periods.

## CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET ARRANGEMENTS

The Company currently has an offtake agreement dated November 10, 2014 (the "Offtake Agreement") with ThyssenKrupp Metallurgical Products GmbH ("ThyssenKrupp") whereby ThyssenKrupp will purchase, at market rates, approximately 3,750 metric tons per year, or fifty percent (50%), of the Company's current planned annual Ferroniobium production from the Elk Creek Project for an initial ten-year term, with an option to extend beyond that timeframe. The Offtake Agreement presupposes the Company obtaining project financing, obtaining all necessary approvals, and constructing a mine and associated processing equipment at the Elk Creek Project. ThyssenKrupp is based in Essen, Germany, and is part of the Business Area Materials Services, a global materials distributor and service provider with 500 branches in 44 countries. The Company appointed ThyssenKrupp as its exclusive sales agent of its production in Europe, with a stated amount to be sold in Germany. Pursuant to the Offtake Agreement, the Company 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 expired on December 12, 2015. During the six months ended December 31, 2015, 1,500,500 of these warrants were exercised, with the remainder expiring unexercised.

The Company does not have any other significant contracts or off-balance sheet arrangements.

## RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of NioCorp and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements relating to the Company. These include widespread risks associated with any form of business and specific risks associated with NioCorp's business and its involvement in the Niobium exploration and development industry.

This section describes risk factors identified as being potentially significant to the Company and its material property, the Elk Creek Project. Additional risk factors may be included in the October 2015 PEA and the AIF, both of which are available under the Company's profile at www.sedar.com. In addition, other risks and uncertainties not discussed to date or not known to management could have material and adverse effects on the valuation of our securities, existing business activities, financial condition, results operations, plans, and prospects.

### Substantial Capital Requirements and Liquidity

The Company anticipates that it will make substantial capital expenditures for the continued exploration and development of the Elk Creek Project in the future. The Company currently has no revenue and may have limited ability to undertake or complete future fieldwork programs, metallurgical studies, permitting activities, and the design of a surface plant and processing facilities. There can be no assurance that debt or equity financing, or cash generated by operations, will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations, or prospects. Sales of substantial amounts of securities may have a highly dilutive effect on the ownership or share structure of the Company. Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

The Company has not yet commenced commercial production at any of its properties and, as such, has not generated positive cash flows to date and has no reasonable prospects of doing so unless successful commercial production can be achieved at the Elk Creek Project. The Company expects to continue to incur negative investing and operating cash flows until such time as it enters into successful commercial production. This will require the Company to deploy its working capital to fund such negative cash flow and to seek additional sources of financing. There is no assurance that any such financing sources will be available or sufficient to meet the Company's requirements. There is no assurance that the Company will be able to continue to raise equity capital or to secure additional debt financing, or that the Company will not continue to incur losses.

### Metallurgical Testing

The Company has completed significant bench, mini-pilot, and pilot scale metallurgical testing on the Elk Creek Project, and will continue to complete necessary metallurgical testing at the bench, mini-pilot, and pilot scale as the development of the Elk Creek Project progresses. There can be no assurance that the results of such metallurgical testing will be favorable or as expected by the Company. Furthermore, there can be no certainty that metallurgical recoveries obtained in bench or pilot scale tests will be achieved in either subsequent testing or commercial operations. The development of a complete metallurgical process to produce a saleable final product from the Elk Creek Project is a complex and resource intensive undertaking that may result in overall schedule delays and increased project costs for the Company.

### Preliminary Nature of the October 2015 PEA

The October 2015 PEA is preliminary in nature, that it includes a level of engineering precision and assumptions which are currently considered too speculative to have the economic considerations applied to them that would enable Mineral Resources to be categorized as Mineral Reserves.

### Reliance on Key Personnel

The senior officers of NioCorp are critical to its success. In the event of the departure of a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors, but there can be no assurance of such success. Recruiting qualified personnel as NioCorp grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As NioCorp's business activity grows, it will require additional key financial, administrative, engineering, geological, and mining personnel, as well as additional operations staff. If NioCorp is not successful in attracting and retaining qualified personnel, the efficiency of its operations could be affected, and this could have an adverse impact on future cash flows, earnings, results of operations, and the financial condition of NioCorp. NioCorp is particularly at risk at this state of its development as it relies on a small management team, the loss of any member of which could cause severe adverse consequences for NioCorp.

### Property Commitments

NioCorp's mining properties may be subject to various land payments, royalties and/or work commitments. Failure by NioCorp to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

### Exploration and Development

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge, and careful evaluation may not be able to overcome. Access to water and energy required to operate a mine and associated processing facilities may be difficult and cost prohibitive. Conversely, the Company will have to evaluate hydrology and hydrogeology and determine satisfactory methods to manage surface and ground water in the vicinity of its operations. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development, and production of natural resources, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades being mined or dedicated to future production. Until actually mined and processed, the quantity of resources and/or reserves and grade must be considered as estimates only. In addition, the quantity of resources and/or reserves may vary depending on commodity prices. Any material change in quantity of resources and/or reserves, grade, or recovery ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that results obtained in bench or pilot metallurgical tests will be duplicated in larger scale tests under on-site conditions or during production (see "*Metallurgical Testing*" above). The Company closely monitors its activities and those factors which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews where it is deemed necessary. The Company's technical reports (including the October 2015 PEA) include price and market assumptions concerning an expanded demand in the scandium market. There is no assurance that these price and market assumptions will be realized.

### Operations

NioCorp will be subject to a number of operational risks and may not be adequately insured for certain risks, including the following: environmental pollution; accidents or spills; industrial and transportation accidents, which may involve hazardous materials; labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, the encountering of unusual or unexpected geological conditions; and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the property of NioCorp, personal injury or death, environmental damage or, regarding the exploration or development activities of NioCorp, increased costs, monetary losses, potential legal liability, and adverse governmental action, all of which could have an adverse impact on NioCorp's future cash flows, earnings, results of operations, and financial condition. The payment of any such liabilities would reduce the funds available to the Company. If NioCorp is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

No assurance can be given that insurance to cover the risks to which NioCorp's activities are subject will be available at all or at commercially reasonable premiums. The Company is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is unavailable or prohibitively expensive. This lack of environmental liability insurance coverage could have an adverse impact on NioCorp's future cash flows, earnings, results of operations, and financial condition.
Additionally, NioCorp may be subject to liability or may sustain losses for certain risks and hazards against which NioCorp cannot insure or which NioCorp may elect not to insure because of the cost of such insurance. This lack of insurance coverage could have an adverse impact on NioCorp's future cash flows, earnings, results of operations, and financial condition.

### Debt and Security Over Assets

The Company has, pursuant to the Lind Agreement and in connection with a related party loan (the "Smith Loan"), granted security interests to Lind and Mark Smith (respectively, the "Secured Creditors") over all of the assets of the Company in consideration of the debt facilities provided by each Secured Creditor. In the event of certain breaches of the Lind Agreement and the terms of the Smith Loan, one or both of the Secured Creditors may be entitled to execute on their security and seize or retain the Company's assets, including the shares of 0896800 B.C. Ltd. and Elk Creek Resource Corp., as well as any assets of either subsidiary. Certain rights of each of the Secured Parties to execute on their security are subject to notice and cure provisions in respect of default by the Company, however any such exercise could materially damage the value of NioCorp and its ability to retain or progress development of the Elk Creek Project.

### Environmental

All phases of mineral exploration and development businesses present environmental risks and hazards and are subject to environmental regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases, or emissions of various substances used and or produced in association with natural resource exploration and production operations. The legislation also requires that facility sites be operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil, or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of production or a material increase in the costs of production, development, or exploration activities, or otherwise adversely affect the Company's financial condition, results of operations, or prospects.

### Commodity Price Fluctuations

The price of commodities varies on a daily basis. However, price volatility could have dramatic effects on the results of operations and the ability of NioCorp to execute its business plan. Niobium is a specialty metal and not a commonly traded commodity such as copper, zinc, gold, or iron ore. The price of niobium tends to be set through a limited long-term offtake market, contracted between very few suppliers and purchasers. The world's largest supplier of niobium, Companhia Brasileira de Metalurgia e Mineração (CBMM), supplies approximately 85% of the world's niobium. Any attempt to suppress the price of niobium by such supplier, or an increase in production by any supplier in excess of any increased demand, would have negative consequences on the price of niobium and potentially on the value of NioCorp. The price of niobium may also be reduced by the discovery of new niobium deposits, which could not only increase the overall supply of niobium (causing downward pressure on its price), but could draw new firms into the niobium industry that would compete with NioCorp.

Scandium trioxide is used in solid oxide fuel cells and has the potential to become a valuable alloy with aluminum in the aerospace and automotive industries. Supply has been sporadic in recent years, and there are no primary scandium mines in the world at present. Production occurs as a byproduct from rare earth, titanium, and aluminum plants, primarily in Russia and China. The Elk Creek Project would significantly increase the world's supply of scandium trioxide. Although the Company's market studies indicate a positive outlook for demand, there is no assurance at present that the Company could sell all of its production. In addition, the sale of scandium represents a significant portion of the Elk Creek Project revenue; achieving the revenue projected in the Company's studies is subject to market growth in scandium, which is a developing market with a risk of oversupply and/or undersupply disrupting pricing.

Titanium metal is used in various superalloys that are used for aerospace applications, armor, and medical implants and in oxide form is a key component of pigments used in paper, paint, and plastics. The Elk Creek Project would produce a small quantity of titanium dioxide relative to other North American producers. As a small producer, NioCorp would be subject to fluctuations in the price of titanium dioxide that would result from normal variations in supply and demand for this commodity.

### Volatility of the Market Price of the Company's Common Shares

The Company's Common Shares are listed on the TSX under the symbol "NB," on the FWB in Germany under the trading symbol "BR3," and on the OTCQX International in the United States, under the symbol "NIOBF." While the TSX is a considerably more senior market than the TSX Venture Exchange, on which the Company's Common Shares principally traded previously, the TSX, and to a greater extent the FWB and OTCQX International, are more limited markets than the New York Stock Exchange or the NASDAQ Stock Market.

Securities of junior companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. NioCorp's Common Share price also is likely to be significantly affected by delays experienced in progressing our development plans, a decrease in the investor appetite for junior stocks, or by adverse changes in our financial condition or results of operations as reflected in our financial statements. Other factors unrelated to our performance that could have an effect on the price of NioCorp's Common Shares include the following:

- The trading volume and general market interest in NioCorp's Common Shares could affect a shareholder's ability to trade significant numbers of Common Shares; and

- The size of the public float in NioCorp's Common Shares may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the Company's Common Shares at any given point in time might not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company could, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

### Future Share Issuances May Affect the Market Price of the Common Shares

In order to finance future operations, the Company may raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. NioCorp cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares.

### Economic and Financial Market Instability

Global financial markets have been volatile and unstable at times since the global financial crisis, which started in 2007. Bank failures, the risk of sovereign defaults, other economic conditions and intervention measures have caused significant uncertainties in the markets. The resulting disruptions in credit and capital markets have negatively impacted the availability and terms of credit and capital. High levels of volatility and market turmoil could also adversely impact commodity prices, exchange rates, and interest rates. In the short term, these factors, combined with the Company's financial position, may impact the Company's ability to obtain equity or debt financing in the future and, if obtained, on terms that are favorable to the Company. In the longer term these factors, combined with the Company's financial position, could have important consequences, including the following:

- Increasing the Company's vulnerability to general adverse economic and industry conditions;
- Limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs, and other general corporate requirements;
- Limiting the Company's flexibility in planning for, or reacting to, changes in the Company's business and the industry; and
- Placing the Company at a disadvantage when compared to competitors that have less debt relative to their market capitalization.

### Issuance of Debt

From time to time the Company may enter into transactions to acquire assets or the shares of other companies or to fund development of the Elk Creek Project. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. The Company's ability to service its debt obligations will depend on the Company's future operations, which are subject to prevailing industry conditions and other factors, many of which are beyond the control of the Company.

### Industry Competition and International Trade Restrictions

The international resource industries are highly competitive. The value of any future resources and/or reserves discovered and developed by NioCorp may be limited by competition from other world resource mining companies, or from excess inventories. Existing international trade agreements and policies and any similar future agreements, governmental policies, or trade restrictions are beyond the control of NioCorp, and may affect the supply of and demand for rare earth elements, including niobium, around the world.

### Governmental Regulation and Policy

Mining operations and exploration activities are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic and radioactive substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations increases the costs of exploring, drilling, developing, constructing, operating, and closing mines, refineries, and other facilities. It is possible that, in the future, the costs, delays, and other effects associated with such laws and regulations may impact decisions of NioCorp with respect to the exploration and development of properties such as the Elk Creek Project, or any other properties in which NioCorp has an interest. NioCorp will be required to expend significant financial and managerial resources to comply with such laws and regulations. Since legal requirements change frequently, are subject to interpretation, and may be enforced in varying degrees in practice, NioCorp is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, future changes in governments, regulations, policies and practices, such as those affecting exploration and development of NioCorp's properties, could materially and adversely affect the results of operations and financial condition of NioCorp in a particular period or in its long term business prospects.

The development of mines and related facilities is contingent upon governmental approvals, licenses, and permits which are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The receipt, duration, and renewal of such approvals, licenses, and permits are subject to many variables outside the control of NioCorp, including potential legal challenges from various stakeholders such as environmental groups or non-government organizations. Any significant delays in obtaining or the inability to obtain or renew such approvals, licenses, or permits could have a material adverse effect on NioCorp, including delays and cost increases in the advancement of the Elk Creek Project.

### Risk Related to the Cyclical Nature of the Mining Business

The mining business and the marketability of the products that are produced are affected by worldwide economic cycles. At the present time, niobium pricing is stable, but it is difficult to assess how long such demand may continue. Fluctuations in supply and demand in various regions throughout the world are common.
As NioCorp's mining and exploration business is in the exploration and development stage, and as NioCorp does not yet carry on production activities, its ability to fund ongoing exploration is affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors.

### Properties May Be Subject to Defects in Title

NioCorp has investigated its rights to explore and exploit the Elk Creek Project resource and, to the best of its knowledge, its rights in relation to lands covering the Elk Creek Project resource are in good standing. Nevertheless, no assurance can be given that such rights will not be revoked, or significantly altered, to NioCorp's detriment. There can also be no assurance that NioCorp's rights will not be challenged or impugned by third parties.

Although NioCorp is not aware of any existing title uncertainties with respect to lands covering material portions of the Elk Creek Project resource, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on NioCorp's future cash flows, earnings, results of operations, and financial condition.

### No Revenue and Negative Cash Flow

The Company has negative cash flow from operating activities and does not currently generate any revenue. Lack of cash flow from the Company's operating activities could impede its ability to raise capital through debt or equity financing to the extent required to fund its business operations. In addition, working capital deficiencies could negatively impact the Company's ability to satisfy its obligations promptly as they become due. The Company requires additional financing to ensure it can continue to maintain a positive working capital position. If the Company does not generate sufficient cash flow from operating activities, it will remain dependent upon external financing sources. There can be no assurance that such sources of financing will be available on acceptable terms or at all.

### Legal and Litigation

All industries, including the mining industry, are subject to legal claims, whether or not those claims have merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's business, prospects, financial condition, and operating results. Defense and settlement of costs of legal claims can be substantial. There are no current claims or litigation outstanding in which the Company is involved.

### Currency

The Company is exposed to foreign currency fluctuations to the extent that the Company's material mineral property and headquarters are located in the USA and substantially all the corresponding expenditures and obligations are denominated in U.S. dollars, yet NioCorp is listed on a Canadian stock exchange and has conducted in the past (and may conduct in the future) financings in Canadian dollars. In addition, a number of the Company's key vendors are based in Canada, including vendors that supply geological, process engineering, and metallurgical testing services. As such, NioCorp's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. NioCorp does not currently, and is not expected to, take any steps to hedge against currency fluctuations.

### Conflicts of Interest

NioCorp's directors and officers are or may become directors or officers of other mineral resource companies or reporting issuers or may acquire or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which NioCorp may, or may also wish to participate, the directors and officers of NioCorp may have a conflict of interest with respect to such opportunities or in negotiating and concluding terms respecting the extent of such participation. NioCorp and its directors and officers will attempt to minimize such conflicts. If such a conflict of interest arises at a meeting of the directors of NioCorp, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases

NioCorp will establish a special committee of independent directors to review a matter in which several directors, or officers, may have a conflict. In determining whether or not NioCorp will participate in a particular program and the interest to be acquired by it, the directors will primarily consider the potential benefits to NioCorp, the degree of risk to which NioCorp may be exposed and its financial position at that time. Other than as indicated, NioCorp has no other procedures or mechanisms to deal with conflicts of interest.

### Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators. NioCorp's ability to advance the Elk Creek Project could be adversely affected by any inability on its part to obtain or maintain the required financial assurances.

### Dividends

The Company has never paid cash dividends on our Common Shares, and does not expect to pay any cash dividends in the future; instead, it expects to favor utilizing cash to support the development of our business. Any future determination relating to the Company's dividend policy will be made at the discretion of the Company's Board of Directors and will depend on a number of factors, including future operating results, capital requirements, financial condition, the terms of any credit facility or other financing arrangements the Company may obtain or enter into, future prospects, and other factors the Company's Board of Directors may deem relevant at the time such payment is considered. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on their investment in the Common Shares in the foreseeable future.

### Hedging

The Company has no current hedging or other derivative transactions in place. However, management may elect to use such instruments in the future or be required to enter into such transactions as a condition of certain financing transactions. Derivative instruments may be used to manage changes in commodity prices, interest rates, foreign currency exchange rates, energy costs, and the costs of other consumable commodities. Common inherent risks associated with derivative transactions include the following: credit risk resulting from a counterparty failing to meet its obligation, market risk associated with changes in market factors that affect fair value of the derivative instrument, basic risk resulting from ineffective hedging activities, and legal risk associated with an action that invalidates performance by one or both parties. There is no assurance that any hedging or other derivative program will be successful.

### Time and Cost Estimates

Time and cost estimates to develop, operate, close and reclaim the Elk Creek Project were prepared in connection with the Company's October 2015 PEA. Other estimates of time and costs are made from time to time for exploration and other business activities. Actual time and costs may vary significantly from estimates for a variety of reasons, both within and beyond the control of the Company. Failure to achieve time estimates and significant increases in costs may adversely affect the Company's ability to continue exploration, develop the Elk Creek Project, and ultimately generate sufficient cash flows. There is no assurance that the Company's estimates of time and costs will be achievable.

### Consumables Availability and Costs

The Company's planned development activities and operations, including the profitability thereof, will continue to be affected by the availability and costs of consumables used in connection with the Company's activities. Of significance, this may include fly ash, concrete, acid, salt, sulfur, natural gas, steel, copper, diesel, processing reagents, and electricity. Other inputs such as labor, consultant services, and equipment components are also subject to availability and cost volatility. If inputs are unavailable at reasonable costs, this may delay or indefinitely postpone planned activities. Furthermore, many of the consumables used in exploration, development, and operating activities are subject to significant volatility. There is no assurance that consumables will be available at all or at reasonable costs.

### Mineral Resources Uncertainties

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to Mineral Resources, there can be no assurances that Mineral Resources will be upgraded to Mineral Reserves as a result of continued exploration or during the course of operations.

There can be no assurances that any of the Mineral Resources stated in this MD&A or published in the continuous disclosure of the Company will be realized. Until a deposit is actually mined and processed, the quantity of Mineral Resources or Reserves, grades, recoveries, and costs must be considered as estimates only. In addition, the quantity of Mineral Resources or Reserves may vary depending on, among other things, metal prices. Any material change in the quantity of Mineral Resources or Reserves, grades, ore dilution occurring during mining operations, recoveries, costs, or other factors may affect the economic viability of stated Mineral Resources or Reserves. In addition, there is no assurance that metal recoveries in limited, small-scale laboratory tests will be duplicated by larger scale tests or during production. Fluctuations in metal prices, results of future drilling, metallurgical testing, actual mining and operating results, and other events subsequent to the date of stated Mineral Resources and Reserves estimates may require revision of such estimates. Any material reductions in estimates of Mineral Resources or Reserves could have a material adverse effect on the Company. The Company's technical reports include price and market assumptions concerning an expanded demand in the scandium market. There is no assurance that these price and market assumptions will be realized.

### Taxation

The Company is affected by the tax regimes of numerous jurisdictions. Revenues, expenditures, income, investments, land use, intercompany transactions, and all other business conditions can be taxed. Tax regulations, interpretations and enforcement policies may differ from the Company's applied methods and may change over time due to circumstances beyond the Company's control. The effect of such events could have material adverse effects on the Company's anticipated tax consequences. There is no assurance regarding the nature or rate of taxation, assessments, and penalties that may be imposed.

## RELATED PARTY TRANSACTIONS

Related parties include the Company's Board of Directors, officers, close family members, and enterprises controlled by these individuals as well as certain persons performing similar functions. Apart from those transactions detailed in this section, there were no other related party transactions.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers. The following expenses were incurred with key management personnel:

| | For the nine months ended March 31, | |
|---|---|---|
| | **2016** | 2015 |
| Salary related compensation | | |
| Mr. Mark Smith, CEO and Executive Chairman | $ 268,135 | $ 235,837 |
| Mr. John Ashburn, Vice President and General Counsel | 200,850 | 62,805 |
| Mr. Neal Shah, Interim CFO | 87,872 | 97,431 |
| Mr. Scott Honan, President, Elk Creek Resources Corp. | 209,219 | 174,572 |
| Mr. Jim Sims, Vice President of External Affairs | 35,897 | - |
| Mr. Peter Dickie, Former President and Corporate Secretary | - | 157,500 |
| Mr. Casey Forward, former CFO | - | 83,500 |
| Share-based compensation | 260,313 | 2,297,490 |
| **Total** | $ 1,062,286 | $ 3,109,135 |

On June 17, 2015, the Company entered into a one-year loan in the amount of $1,846,200 (US$1.5 million) with Mr. Mark Smith, Chief Executive Officer, President, and Executive Chairman of NioCorp. Additionally, on July 1, 2015, the Company entered into a non-revolving credit facility agreement in the amount of US$2.0 million with Mr. Smith (collectively, the "Smith Loan"). Both arrangements are USD-denominated, bear an interest rate of 10%, are secured by the Company's assets pursuant to a general security agreement, are subject to both a 2.5% establishment fee and 2.5% prepayment fee, and become due and payable on June 17, 2016. These Smith Loan provided the Company with short-term funding to allow work related to the Feasibility Study and the Company's October 2015 PEA to continue while longer-term funding arrangements were negotiated. Smith Loan advances to date have totaled $2.9 million (US$2.1 million). Of this amount, $1.6 million (or US$1.1 million) was repaid by the Company on January 13, 2016.

## CRITICAL ACCOUNTING ESTIMATES AND POLICIES

In applying the Company's accounting policies, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates, and assumptions made by management and will seldom equal the estimated results.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the Interim Consolidated Financial Statements is the policy on exploration and evaluation assets. In particular, management is required to assess exploration and evaluation assets for impairment. Note 5 to the Interim Consolidated Financial Statements discloses the carrying values of such assets. As part of this assessment, management must make an assessment as to whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

The recoverability of exploration and evaluation assets is dependent on a number of factors common to the natural resource sector. These include the extent to which the Company can continue to renew its exploration and future development licenses with local authorities, establish economically recoverable reserves on its properties, the ability of the Company to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Company will use the evaluation work of professional geologists, geophysicists, and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization. If a determination is made that a deposit does not contain economically recoverable mineralization, or if other factors are present that indicate the existence of an impairment, a property is written down to net realizable value, which could have a material effect on the financial positon and financial performance of the Company.

Share-based compensation is determined using the Black-Scholes pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to the consolidated statement of loss over each award's vesting period. The Black-Scholes pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate, which could impact amounts recognized as expense and carried as a component of shareholders' equity. On January 19, 2016, the Board of Directors awarded 5,875,000 options to management, consultants and directors. These options have a strike price of $0.62, and the fair value was based on the Black-Scholes pricing model using a risk free interest rate of 0.75%, an expected dividend yield of %nil, a volatility of 98.19%, and an expected life of 2.15 years.

The Company measures the fair market value of embedded derivatives using the Black-Scholes model and discounted cash flows, as appropriate. These models take into account management's best estimate of the conversion price of the stock, an estimate of the expected time to conversion, the current price of the underlying stock, an estimate of the stock's volatility, and the risk-free rate of return expected for an instrument with a term equal to the duration of the convertible debt.

## DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures ("DC&P") to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. Management is also responsible for the design of internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. During the three-month period ended September 30, 2015, a new accounting software package was implemented. It is management's judgment that the related risks were properly managed and these changes in the Company's DC&P and ICFR did not have a material adverse effect, or are reasonably likely to have a material adverse effect, on the Company's internal control over financial reporting.

In preparing disclosures, management may make certain interpretations and rely on assumptions and estimates. There is no assurance that management's internal controls, interpretations, assumptions and estimates, or other precautions, will completely ensure reliable and timely disclosures are made.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the Interim Consolidated Financial Statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates are based on careful judgments and have been properly reflected in the Company's Interim Consolidated Financial Statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

## OUTSTANDING SHARE DATA

A summary of outstanding shares, share options, warrants, and convertible debt option as of May 16, 2016, is set out below, on a fully-diluted basis.

| | **Common Share Outstanding (fully diluted)** |
|---|---|
| Common shares | 170,545,687 |
| Stock options[1] | 12,565,000 |
| Warrants[1] | 30,331,933 |
| Convertible Notes (excluding the Lind Convertible Security)[2] | 1,069,773 |
| Lind Convertible Security[3]: | |
| Assuming an average market price on conversion of $0.75 | 10,955,859 |
| Assuming an average market price on conversion of $1.00 | 8,216,894 |

1 Each exercisable into one Common Share

2 Represents estimated maximum Common Shares convertible pursuant to the Company's private placement of convertible debentures which closed October 22, 2015. Actual Common Shares issued may be impacted by the USD:CAD exchange rate, accrued interest payable and current trading price of the Company's Common Shares at conversion date.

3 Represents Common Shares issuable on conversion of outstanding principal amount of US$5.4 million. For more information on the possible dilution applicable to the Convertible Security, including on subsequent funding thereof by Lind (if any), please refer to the Company's information circular dated January 19th, 2016 and available under the Company's profile at www.sedar.com.

The Company has one class of shares, being Common Shares.

## OTHER

Additional information about the Company, including the AIF, is available on the Company's website at www.niocorp.com, or on SEDAR at www.sedar.com.