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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended December 31, 2018
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number: 000-55710

NioCorp
SUPERALLOY MATERIALS

NioCorp Developments Ltd.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada	**98-1262185**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7000 South Yosemite Street, Suite 115	**80112**
Centennial, CO	(Zip code)
(Address of Principal Executive Offices)	

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

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

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

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

Large Accelerated Filer ☐	Accelerated Filer ☒
Non-Accelerated Filer ☐	Smaller Reporting Company ☒
	Emerging Growth Company ☒

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

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

As of February 8, 2019, the registrant had 224,837,434 Common Shares outstanding.

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PART I— FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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NioCorp Developments Ltd.
Condensed Consolidated Balance Sheets

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

	Note	As of December 31, 2018	June 30, 2018
ASSETS			
Current			
Cash		$ 813	$ 73
Prepaid expenses and other		129	18
Other current assets	4	580	474
Total current assets		1,522	565
Non-current			
Deposits		35	35
Available for sale securities at fair value		10	12
Mineral interests		10,617	10,617
Total assets		$ 12,184	$ 11,229
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 2,370	$ 1,686
Related party loans	7	1,480	1,480
Convertible debt, current portion	5	800	756
Derivative liability, convertible debt		30	8
Total current liabilities		4,680	3,930
Convertible debt, net of current portion	5	3,339	4,106
Total liabilities		8,019	8,036
SHAREHOLDERS' EQUITY			
Common stock, unlimited shares authorized; shares outstanding: 223,936,708 and 213,405,372, respectively	6	79,320	74,683
Additional paid-in capital		12,746	12,379
Accumulated deficit		(87,553)	(83,349)
Accumulated other comprehensive loss		(348)	(520)
Total equity		4,165	3,193
Total liabilities and equity		$ 12,184	$ 11,229

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

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

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

	Note	For the three months ended December 31, 2018	2017	For the six months ended December 31, 2018	2017
Operating expenses					
Employee related costs		$ 403	$ 751	$ 715	$ 1,399
Professional fees		94	118	145	393
Exploration expenditures	8	1,228	303	2,005	1,016
Other operating expenses		233	391	351	687
Total operating expenses		1,958	1,563	3,216	3,495
Change in financial instrument fair value	5	140	274	633	297
Foreign exchange loss (gain)		316	36	198	(201)
Interest expense		56	91	155	175
(Gain) loss on available for sale securities		3	(4)	2	7
Loss before income taxes		2,473	1.960	4,204	3,773
Income tax benefit		—	—	—	—
Net loss		$ 2,473	$ 1,960	$ 4,204	$ 3,773
Other comprehensive loss:					
Net loss		$ 2,473	$ 1,960	$ 4,204	$ 3,773
Other comprehensive (gain) loss:					
Reporting currency translation		(275)	(27)	(172)	258
Total comprehensive loss		$ 2,198	$ 1,933	$ 4,032	$ 4,031
Loss per common share, basic and diluted		$ 0.01	$ 0.01	$ 0.02	$ 0.02
Weighted average common shares outstanding		222,247,889	183,625,989	218,817,905	182,078,028

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

NioCorp Developments Ltd.
Condensed Consolidated Statements of Cash Flows

(expressed in thousands of U.S. dollars) (unaudited)

	For the six months ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Total loss for the period	$ (4,204)	$ (3,773)
Non-cash elements included in net loss:		
Depreciation	—	3
Change in financial instrument fair value	633	297
Unrealized loss on available-for-sale investments	2	7
Accretion of convertible debt	44	75
Foreign exchange loss (gain)	218	(197)
Share-based compensation	226	1,113
	(3,081)	(2,475)
Change in working capital items:		
Receivables	—	7
Prepaid expenses	(111)	144
Accounts payable and accrued liabilities	697	(242)
Net cash used in operating activities	(2,495)	(2,566)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits	—	15
Net cash used in investing activities	—	15
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	2,476	1,545
Share issue costs	(76)	(189)
Issuance of convertible debt	1,000	1,000
Related party debt drawdown	—	180
Other current assets	(106)	(422)
Net cash provided by financing activities	3,294	2,114
Exchange rate effect on cash and cash equivalents	(59)	14
Change in cash and cash equivalents during period	740	(423)
cash and cash equivalents, beginning of period	73	503
Cash and cash equivalent, end of period	$ 813	$ 80
Supplemental cash flow information:		
Amounts paid for interest	$ 32	$ 32
Amounts paid for income taxes	$ —	$ —
Non-cash financing transactions		
Lind conversions	$ 2,222	$ 3,030
Debt to equity conversion	$ —	$ 207

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

NioCorp Developments Ltd.
Condensed Consolidated Statements of Shareholders' Equity

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

	Six months ended December 31, 2018 and 2017					
	Common Shares Outstanding	Common Stock	Additional Paid-in Capital	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, June 30, 2017	198,776,337	$ 68,029	$ 10,320	$ (74,852)	$ (606)	$ 2,891
Exercise of options	10,091	7	(2)	—	—	5
Fair value of broker warrants granted	—	—	41	—	—	41
Fair value of Lind Warrants granted	—	—	127	—	—	127
Private placement – July 2017	2,962,500	1,540	—	—	—	1,540
Private placement – September 2017	415,747	207	—	—	—	207
Debt conversions	6,696,590	3,030	—	—	—	3,030
Share issuance costs	—	(230)	—	—	—	(230)
Share-based payments	—	—	1,113	—	—	1,113
Reporting currency presentation	—	—	—	—	(259)	(259)
Loss for the year	—	—	—	(3,773)	—	(3,773)
Balance, December 31, 2017	208,861,265	$ 72,583	$ 11,599	$ (78,625)	$ (865)	$ 4,692
Balance, June 30, 2018	213,405,372	$ 74,683	$ 12,379	$ (83,349)	$ (520)	$ 3,193
Exercise of Warrants	115,000	64	—	—	—	64
Exercise of options	16,203	15	(15)	—	—	—
Fair value of Lind warrants granted	—	—	156	—	—	156
Private placements – September 2018	4,975,158	2,412	—	—	—	2,412
Debt conversions	5,424,975	2,222	—	—	—	2,222
Share issuance costs	—	(76)	—	—	—	(76)
Share-based payments	—	—	226	—	—	226
Reporting currency presentation	—	—	—	—	172	172
Loss for the period	—	—	—	(4,204)	—	(4,204)
Balance, December 31, 2018	223,936,708	$ 79,320	$ 12,746	$ (87,553)	$ (348)	$ 4,165

	Three months ended December 31, 2018 and 2017					
	Common Shares Outstanding	Common Stock	Additional Paid-in Capital	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, September 30, 2017	204,518,956	$ 70,993	$ 10,876	$ (76,665)	$ (892)	$ 4,312
Fair value of Lind Warrants granted	—	—	61	—	—	61
Debt conversions	4,342,309	1,590	—	—	—	1,590
Share-based payments	—	—	662	—	—	662
Reporting currency presentation	—	—	—	—	27	27
Loss for the year	—	—	—	(1,960)	—	(1,960)
Balance, December 31, 2017	208,861,265	$ 72,583	$ 11,599	$ (78,625)	$ (865)	$ 4,692
Balance, September 30, 2018	220,944,160	$ 78,143	$ 12,561	$ (85,080)	$ (623)	$ 5,001
Exercise of Warrants	115,000	64	—	—	—	64
Debt conversions	2,877,548	1,145	—	—	—	1,145
Share issuance costs	—	(32)	—	—	—	(32)
Share-based payments	—	—	185	—	—	185
Reporting currency presentation	—	—	—	—	275	275
Loss for the period	—	—	—	(2,473)	—	(2,473)
Balance, December 31, 2018	223,936,708	$ 79,320	$ 12,746	$ (87,553)	$ (348)	$ 4,165

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

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

1. DESCRIPTION OF BUSINESS

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

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

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

2. BASIS OF PREPARATION

a) Basis of Preparation and Consolidation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles of the United States of America ("US GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC"). The interim condensed consolidated financial statements include the consolidated accounts of the Company and its wholly-owned subsidiaries with all significant intercompany transactions eliminated. The accounting policies followed in preparing these interim condensed consolidated financial statements are those used by the Company as set out in the audited consolidated financial statements for the year ended June 30, 2018.

In the opinion of management, all adjustments considered necessary (including reclassifications and normal recurring adjustments) to present fairly the financial position, results of operations, and cash flows at December 31, 2018, and for all periods presented, have been included in these interim condensed consolidated financial statements. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to appropriate SEC rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2018. The interim results are not necessarily indicative of results for the full year ending June 30, 2019, or future operating periods.

b) Recent Accounting Standards

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

In February 2016, Accounting Standards Update ("ASU") 2016-02 was issued related to leases, which was further amended in September 2017 by ASU 2017-13, in January 2018 by ASU 2018-01 and in July 2018 by ASU 2018-10 and 2018-11. The new guidance modifies the classification criteria and requires lessees to recognize the assets and liabilities arising from most leases on the balance sheet. The new guidance is effective for fiscal years beginning after December 15, 2018 and early adoption is permitted. The Company anticipates adopting the new guidance effective with our fiscal year beginning July 1, 2019. Adoption of this guidance is not expected to materially increase the Company's assets and liabilities.

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

In June 2018, the FASB issued ASU 2018-07, Compensation - Stock Compensation — Improvements to Nonemployee Share-Based Payment Accounting. This update aims to simplify the accounting for share-based payments awarded to non-employees for goods or services acquired. The update specifies that the measurement date is the grant date and that awards are required to be measured at fair value. The amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the potential impact of adopting this guidance on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13 - Fair Value Measurements (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. This update modifies the disclosure requirements on fair value measurements in Topic 820 and eliminates 'at a minimum' from the phrase 'an entity shall disclose at a minimum' to promote the appropriate exercise of discretion by entities when considering fair value disclosures and to clarify that materiality is an appropriate consideration. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the impacts that adoption of this guidance will have on its consolidated financial statements.

c) Use of Estimates

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

3. GOING CONCERN ISSUES

The Company incurred a loss of $4,204 for the six months ended December 31, 2018 (2017 - $3,773) and had a working capital deficit and an accumulated deficit of $3,158 and $87,553, respectively, as of December 31, 2018. These factors indicate the existence of a material uncertainty that raises substantial 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. OTHER CURRENT ASSETS

Other current assets include legal and other professional fees associated with obtaining project debt financing for the Elk Creek Project. Amounts will be deferred until funding is completed, at which time the balance will become a direct deduction from the related debt liability.

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

5. CONVERTIBLE DEBT

	As of December 31, 2018	As of June 30, 2018
Convertible notes, current portion	$ 800	$ 756
Convertible security, noncurrent	$ 3,339	$ 4,106

Convertible Security Funding

Changes in the Lind Asset Management IV, LLC (“Lind”) convertible securities balance are comprised of the following:

	Convertible Security
Balance, June 30, 2018	$ 4,106
Additional debt drawdown	1,000
Conversions, at fair value	(2,222)
Change in fair market value	455
Balance, December 31, 2018	$ 3,339

On June 27, 2018, the Company signed a definitive convertible security funding agreement (the "Subsequent Lind Agreement") with Lind. Pursuant to the issuance of a convertible security (the “Subsequent Convertible Security” and, together with the previous Lind convertible security (the “Original Lind Security), the “Convertible Securities”), a total of $1,000 was funded on July 9, 2018. The Subsequent Lind Agreement replaces the Convertible Security Funding Agreement, dated December 14, 2015, between the Company and Lind (the “Original Lind Agreement”) in respect of the remaining $1,000 funding amount available under the Original Lind Agreement and accordingly, no further funding will be provided by Lind to the Company under the Original Lind Agreement. The terms of the Subsequent Convertible Security are substantially similar to the terms governing like securities under the Original Lind Agreement. As a result, upon payment of the $1,000 in funding by Lind to the Company, the Subsequent Convertible Security was issued in the amount of $1,200 ($1,000 in funding plus implied interest), and the Company issued warrants (“Warrants”) to Lind, as follows:

					Black Scholes Pricing Model Inputs			
Funding Date	Face Value[1]	Warrants Issued[2]	Issue Price[3]	Warrant Expiry Date	Risk-free Rate	Yield	Volatility	Expected Life
July 9, 2018	$ 1,200	1,035,319	C$0.77	July 9, 2021	2.0%	0%	58.3%	3 years

1 Includes implied interest.
2 The value of Warrants issued totaled $156, which was expensed to Change in Financial Instrument Fair Value.
3 The price to convert one Warrant into one common share of the Company (“Common Share”).

The Convertible Securities are convertible into Common Shares at a conversion price equal to 85% of the volume weighted average trading price of the Common Shares (in Canadian dollars) on the Toronto Stock Exchange for the five 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 applicable Convertible Security from time to time. During the six-month period ended December 31, 2018, $2,050 principal amount of the Original Convertible Security was converted into 5,424,975 Common Shares.

The Convertible Securities contains financial and non-financial covenants customary for a facility of its 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 $2,000 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. The Company was in compliance with these covenants as of December 31, 2018.

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

Convertible Notes

Changes in the Company's outstanding convertible promissory notes (the "Convertible Notes") balance are comprised of the following:

	Convertible Notes
Balance, June 30, 2018	$ 756
Accreted interest, net of interest paid	44
Balance, December 31, 2018	$ 800

The changes in the derivative liability related to the conversion feature of the Convertible Notes are as follows:

	Derivative Liability
Balance, June 30, 2018	$ 8
Change in fair value of derivative liability	22
Balance, December 31, 2018	$ 30

Effective October 10, 2018, the due date for the Convertible Notes was extended for one year to October 14, 2019. All other terms and conditions remained unchanged.

6. COMMON STOCK

a) Issuances

On September 14, 2018, the Company completed the first tranche closing (the "First Tranche Closing") of a non-brokered private placement (the "September 2018 Offering") of units (each a "Unit"). The First Tranche Closing consisted of the issuance of 2,917,587 Units, at a price of C$0.63 per Unit, for gross proceeds of C$1,838. Each Unit issued in connection with the First Tranche Closing consists of one Common Share and one-half of one Warrant. Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of C$0.75 until September 14, 2020.

On September 28, 2018, the Company completed the second and final tranche closing (the "Second Tranche Closing") of the September 2018 Offering. The Second Tranche Closing consisted of the issuance of 2,057,571 Units, at a price of C$0.63 per Unit, for gross proceeds of C$1,296. Each Unit issued in connection with the Second Tranche Closing consists of one Common Share and one-half of one Warrant. Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of C$0.75 until September 28, 2020.

Net proceeds from the September 2018 Offering will be used by the Company for continued development of NioCorp's Elk Creek Project and for general corporate purposes. The Company paid cash commissions of C$18 in connection with the September 2018 Offering to brokers outside of the United States.

b) Stock Options

	Number of Options	Weighted Average Exercise Price(C$)
Balance, June 30, 2018	15,587,409	$ 0.65
Issued	4,445,000	0.54
Exercised	(16,203)	0.47
Cancelled/expired	(466,297)	0.76
Balance, December 31, 2018	19,549,909	$ 0.62

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

The following table summarizes information about options to purchase Common Shares ("Options") outstanding at December 31, 2018:

Exercise Price (C$)		Expiry Date	Number Outstanding		Aggregate Intrinsic Value (C$)	Number Exercisable		Aggregate Intrinsic Value (C$)
$	0.47	November 9, 2022	3,800,000	$	532	3,800,000	$	532
$	0.54	November 15, 2023	4,445,000		311	—		—
$	0.62	January 19, 2021	5,264,909		—	5,264,909		—
$	0.76	March 6, 2022	5,400,000		—	5,400,000		—
$	0.94	April 28, 2019	100,000		—	100,000		—
$	0.94	July 21, 2021	540,000		—	540,000		—
			19,549,909	$	843	15,104,909	$	532

The aggregate intrinsic value in the preceding table represents the total intrinsic value, based on the Company's closing Common Share price of C$0.61 as of December 31, 2018, that would have been received by the Option holders had all Option holders exercised their Options as of that date. The total number of in-the-money Options vested and exercisable as of December 31, 2018, was 3,800,000. The total intrinsic value of Options exercised during the six months ended December 31, 2018, was C$8.

As of December 31, 2018, there was $539 of unrecognized compensation cost related to unvested share-based compensation arrangements granted under the Option plans.

c) Warrants

	Warrants		Weighted Average Exercise Price (C$)
Balance June 30, 2018	28,648,610	$	0.77
Granted	3,522,896		0.76
Exercised	(115,000)		0.75
Expired	(3,125,000)		0.72
Balance, December 31, 2018	28,931,506	$	0.78

As discussed above under Note 5, the Company granted 1,035,319 Warrants to Lind in connection with the Convertible Security funding increases. As discussed above under Note 6a, the Company granted 2,487,577 Warrants in conjunction with the September 2018 Offering.

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

At December 31, 2018, the Company has outstanding exercisable Warrants, as follows:

Number	Exercise Price (C$)	Expiry Date
355,132	0.54	December 6, 2020
308,901	0.62	October 31, 2020
283,413	0.66	September 28, 2020
541,435	0.69	February 7, 2021
529,344	0.70	February 5, 2021
1,546,882	0.72	January 30, 2021
1,058,872	0.72	April 5, 2021
260,483	0.73	August 15, 2020
9,035,285	0.75	January 19, 2019
1,458,792	0.75	September 14, 2020
1,028,785	0.75	September 28, 2020
1,035,319	0.77	July 9, 2021
3,155,062	0.79	July 26, 2021
3,860,800	0.85	February 14, 2020
3,043,024	0.85	February 21, 2020
539,307	0.85	February 28, 2020
890,670	0.90	March 31, 2020
28,931,506		

7. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has a loan with Mark Smith, President, Chief Executive Officer ("CEO") and Executive Chairman of NioCorp (the "Original Smith Loan"), that bears an interest rate of 10%, is secured by the Company's assets pursuant to a concurrently executed general security agreement (the "General Security Agreement"), and is subject to both a 2.5% establishment fee and 2.5% prepayment fee. As of December 31, 2018, the principal amount outstanding under the Original Smith Loan is $1,000.

The Company also has a non-revolving credit facility agreement (the "Credit Facility") in the amount of $2,000 with Mr. Smith. The Credit Facility bears an interest rate of 10% and drawdowns from the Credit Facility are subject to a 2.5% establishment fee. Amounts outstanding under the Credit Facility are secured by all of the Company's assets pursuant to the General Security Agreement. The Credit Facility contains financial and non-financial covenants customary for a facility of its size and nature. As of December 31, 2018, the principal amount outstanding under the Credit Facility was $480.

Accounts payable and accrued liabilities included interest payable to Mr. Smith of $149.

8. EXPLORATION EXPENDITURES

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2018	2017	2018	2017
Technical studies and engineering	$ 1,041	$ 59	$ 1,650	$ 454
Field management and other	144	132	273	342
Metallurgical development	43	89	82	172
Geologists and field staff	—	23	—	48
Total	$ 1,228	$ 303	$ 2,005	$ 1,016

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

9. FAIR VALUE MEASUREMENTS

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

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

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

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

The following tables present information about the assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2018 and June 30, 2018, respectively, and indicate the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical instruments. Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates, and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the financial instrument and include situations where there is little, if any, market activity for the instrument.

	As of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 813	$ 813	$ —	$ —
Available-for-sale securities	10	10	—	—
Total	$ 823	$ 823	$ —	$ —
Liabilities:				
Convertible debt	$ 3,339	$ —	$ —	$ 3,339
Derivative liability, convertible debt	30	—	—	30
Total	$ 3,369	$ —	$ —	$ 3,369

	As of June 30, 2018			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 73	$ 73	$ —	$ —
Available-for-sale securities	12	12	—	—
Total	$ 85	$ 85	$ —	$ —
Liabilities:				
Convertible debt	$ 4,106	$ —	$ —	$ 4,106
Derivative liability, convertible debt	8	—	—	8
Total	$ 4,114	$ —	$ —	$ 4,114

The Company measures the fair market value of the Level 3 components 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, 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.

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

The following table sets forth a reconciliation of changes in the fair value of the Company's convertible debt components classified as Level 3 in the fair value hierarchy:

Balance, June 30, 2018	$ 4,114
Additional debt drawdown	1,000
Conversions to equity	(2,222)
Realized and unrealized losses	477
Balance, December 31, 2018	$ 3,369

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

The following discussion and analysis should be read in conjunction with our unaudited condensed interim consolidated financial statements as of, and for the three and six months ended December 31, 2018, and the related notes thereto, which have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). This discussion and analysis contains forward-looking statements and forward-looking information that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements and information as a result of many factors, including, but not limited to, those set forth elsewhere in this Quarterly Report on Form 10-Q. See "Note Regarding Forward-Looking Statements" below.

All currency amounts are stated in <u>thousands of U.S. dollars</u> unless noted otherwise.

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

Note Regarding Forward Looking Statements

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

- risks related to our ability to operate as a going concern;
- risks related to our requirement of significant additional capital;
- risks related to our limited operating history;
- risks related to changes in economic valuations of the Elk Creek Project, such as net present value calculations, changes, or disruptions in the securities markets;
- risks related to our history of losses;
- risks related to cost increases for our exploration and, if warranted, development projects;
- risks related to feasibility study results;
- risks related to the determination of the economic viability of a deposit;
- risks related to mineral exploration and production activities;
- risks related to our lack of mineral production from our properties;
- risks related to the results of our metallurgical testing;
- risks related to the price volatility of commodities;
- risks related to estimates of mineral resources and reserves;
- risks related to changes in mineral resource and reserve estimates;

- risks related to differences in United States and Canadian reserve and resource reporting;
- risks related to our exploration activities being unsuccessful;
- risks related to our ability to obtain permits and licenses for production;
- risks related to government and environmental regulations that may increase our costs of doing business or restrict our operations;
- risks related to proposed legislation that may significantly affect the mining industry;
- risks related to land reclamation requirements;
- risks related to competition in the mining industry;
- risks related to the difficulties of handling the disposal of mine water at our Elk Creek Project;
- risks related to equipment and supply shortages;
- risks related to current and future joint ventures and partnerships;
- risks related to our ability to attract qualified management;
- risks related to the ability to enforce judgment against certain of our Directors;
- risks related to currency fluctuations;
- risks related to claims on the title to our properties;
- risks related to surface access on our properties;
- risks related to potential future litigation;
- risks related to our lack of insurance covering all our operations;
- risks related to covenants contained in agreements with our secured creditors that may affect our assets;
- risks related to the extent to which our level of indebtedness may impair our ability to obtain additional financing;
- risks related to our status as a “passive foreign investment company” under the United States Internal Revenue Code of 1986, as amended;
- risks related to the Common Shares, including price volatility, lack of dividend payments, dilution, and penny stock rules; and
- risks related to our debt.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties, and other factors, including without limitation those discussed under the heading “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended June 30, 2018, as well as other factors described elsewhere in this report and the Company’s other reports filed with the Securities and Exchange Commission (“SEC”).

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

National Instrument 43-101 Compliance

Scott Honan, M.Sc., SME-RM, a qualified person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects (“NI 43-101”), has supervised the preparation of the scientific and technical information that forms the basis for the Elk Creek Project disclosure in this Quarterly Report on Form 10-Q and has approved the disclosure in this Quarterly Report on Form 10-Q related thereto. Mr. Honan is not independent of the Company, as he is the Vice President, Business Development. For additional information on the Elk Creek Project, including information relating to exploration, data verification, the mineral resource estimates and the mineral reserve estimates, see the Revised NI 43-101 Technical Report (the “Revised Elk Creek Feasibility Study”), dated December 15, 2017, which is available under NioCorp’s profile on the Canadian Securities Administrators website at www.sedar.com.

Company Overview

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

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

Emerging Growth Company Status

We qualify as an "emerging growth company" as defined in Section 101 of the Jumpstart our Business Startups Act ("JOBS Act") as we do not have more than $1.07 billion in annual gross revenue and did not have such amount as of June 30, 2018, this being the last day of our most recently completed fiscal year.

We may lose our status as an emerging growth company on the last day of our fiscal year during which (i) our annual gross revenue exceeds $1.07 billion or (ii) we issue more than $1.07 billion in non-convertible debt in a three-year period. We will lose our status as an emerging growth company if at any time we are deemed to be a large accelerated filer, as defined in Rule 405 under the Exchange Act. We will lose our status as an emerging growth company on the last day of our fiscal year following the fifth anniversary of the date of our first sale of Common Shares pursuant to an effective registration statement.

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

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

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

As long as we qualify as an emerging growth company, we will not be required to comply with the requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 and Section 14A (a) and (b) of the Exchange Act.

Recent Corporate Events

On October 10, 2018, the Company announced that it signed a commercial sales agreement with Traxys North America LLC (“Traxys”) for up to 120 tonnes of scandium trioxide over the first 10 years of operation of the Elk Creek Project. The contract presupposes the Company securing project financing, obtaining all necessary approvals, and constructing a mine and processing facility at Elk Creek. Under the sales agreement, Traxys is obligated to purchase 12 tonnes per year of scandium trioxide for the first 10 years of the Elk Creek Project’s production, subject to satisfaction of certain conditions. That annual amount represents approximately 10 percent of NioCorp’s planned annual production of Scandium. Traxys can purchase more than 12 tonnes per year from NioCorp, and the agreement can be extended beyond the 10-year term, by mutual agreement. Pursuant to the commercial sales agreement, Traxys will focus its scandium sales and marketing efforts on customers in the aerospace and sporting goods sectors, and it retains the exclusive right to sell NioCorp scandium to those sectors. In return, pursuant to the commercial sales agreement, Traxys has agreed to purchase its entire needs of scandium trioxide, scandium alloys, scandium master alloy and other scandium-based products exclusively from NioCorp, including for scandium sales to other sectors, subject to availability of adequate supplies by NioCorp and other conditions. Pursuant to the commercial sales agreement, NioCorp will work with Traxys to promote and market scandium to the aerospace, sporting goods and other industry sectors. NioCorp retains the right to make direct sales of scandium to markets outside of aerospace and sporting goods, as well as direct sales to the U.S. Government.

Elk Creek Project Update

On July 10, 2018, we announced that ongoing work on detailed underground engineering being conducted by the Nordmin Group of Companies (“Nordmin”) shows that the proposed waterline to the Missouri River, as contemplated in the Revised Elk Creek Feasibility Study, is no longer needed. Nordmin’s ongoing design engineering of the underground mine, and recently updated hydrogeological findings, show that significantly less bedrock water may be encountered during mining operations than was estimated in the Revised Elk Creek Feasibility Study. This has allowed removal of the waterline, proposed in the Revised Elk Creek Feasibility Study, from the new mine plan. Removing the proposed waterline will eliminate the Elk Creek Project’s need for Section 404 and Section 408 federal permits from the U.S. Army Corps. of Engineers (the “USACE”).

On August 27, 2018, the Company announced the receipt of a new proposed design for the underground portion of the Elk Creek Project by Nordmin. The new mine design confirms the technical feasibility of several innovative approaches to mining Elk Creek’s critical minerals which, if accepted by NioCorp, could further streamline the process of moving the Elk Creek Project to initial construction. In its mine design, Nordmin’s top-level recommendations to NioCorp include the following:

- Artificial ground freezing is technically feasible for use when the Company sinks the production and ventilation shafts for the mine. Such technology can assist in controlling the inflow of water encountered during shaft sinking operations. The technology may also improve productivity during shaft sinking operations and eliminate the need for substantial dewatering operations prior to the onset of shaft sinking.
- Bedrock water encountered during mining operations can be handled without the 33-mile waterline to the Missouri River that was included in the Revised Elk Creek Feasibility Study.
- NioCorp has already secured a Section 404 permit from the USACE under Nationwide Permit 12 for the Elk Creek Project. Removing plans for a waterline to the Missouri River eliminates the Elk Creek Project’s need for an additional Section 404 permit, as well as a Section 408 permit, from the USACE. The Section 408 permit would have triggered the need for an Environmental Assessment under the National Environmental Policy Act, a process that can take months or more to complete.
- Additionally, removing the waterline eliminates the need for the Elk Creek Project to secure a National Pollutant Discharge Elimination Permit from the Nebraska Department of Environmental Quality.

The mine design recommendations submitted to NioCorp by Nordmin are under review and analysis by NioCorp. If adopted, they will then be integrated into the project plan and overall impacts to the economics of the Elk Creek Project can be assessed and, if material, an update to the Revised Elk Creek Feasibility Study will be completed.

In addition to the mine design work completed under the Nordmin Agreement, we continued to advance other Elk Creek Project-related work during the quarter. Primary activities included:

- Continued development of an air construction permit (the “Air Permit”) application with the Nebraska Department of Environmental Quality, including the detailed engineering necessary to support the submission of the Air Permit application , which we expect to file in calendar 2019; and
- Continued the competitive process to identify and select engineering, procurement and construction firms for surface development.

Our long-term financing efforts continued during the quarter ended December 31, 2018.

In addition to the underground engineering and permit application work noted above, we expect to undertake the following planned activities to advance the Elk Creek Project through to the construction phase as funds become available through the Company's fundraising efforts:

- Acquisition of key land parcels currently subject to the Company's Option to Purchase agreements;
- Construction of natural gas and electrical infrastructure under existing agreements to serve the project site;
- Initiation and completion of detailed engineering for surface project facilities;
- Negotiation and completion of engineering, procurement and construction agreements;
- Initiation of mine groundwater control activities; and
- Initiation of long-lead equipment procurement activities.

Financial and Operating Results

The Company continues to expense all expenditures when incurred, except for equipment, which is capitalized. The Company has no revenues from mining operations. Operating expenses incurred related primarily to performing exploration activities, as well as the activities necessary to support corporate and shareholder duties and are detailed in the following table.

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2018	2017	2018	2017
Operating expenses:				
Employee-related costs	$ 403	$ 751	$ 715	$ 1,399
Professional fees	94	118	145	393
Exploration expenditures	1,228	303	2,005	1,016
Other operating expenses	233	391	351	687
Total operating expenses	1,958	1,563	3,216	3,495
Change in financial instrument fair value	140	274	633	297
Foreign exchange loss (gain)	316	36	198	(201)
Interest expense	56	91	155	175
(Gain) loss on available for sale securities	3	(4)	2	7
Income tax expense	—	—	—	—
Net Loss	$ 2,473	$ 1,960	$ 4,204	$ 3,773

Six months ended December 31, 2018 compared to six months ended December 31, 2017

Significant items affecting operating expenses are noted below:

Employee related costs decreased due to decreased share-based compensation costs reflecting the timing of Option issuances and the corresponding vesting periods, as well as the number of Options granted and associated fair value calculations.

Professional fees include legal and accounting services. Overall, these fees decreased, reflecting the timing of legal fees associated with SEC filings and ongoing compliance efforts.

Exploration expenditures increased reflecting our ongoing efforts to evaluate the mine engineering design changes proposed by Nordmin and their potential impacts on the economics of the Elk Creek Project, and costs incurred to develop the detailed engineering necessary to support the submission of the Air Permit application.

Other operating expenses include investor relations, general office expenditures, equity offering and proxy expenditures and other miscellaneous costs. These costs decreased primarily due to the timing of Option issuances, the corresponding vesting periods, the number of Options granted, and associated fair value calculations for Board members, as well as the timing of financial and investor relations services.

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

Change in financial instrument fair value represents non-cash changes in the market value of the Convertible Securities, which are carried at fair value, as well as changes in the market value of the derivative liability component of the Company's outstanding convertible promissory notes, and the fair market value of Warrants issued in connection with the funding of the Original Convertible Security and the Subsequent Convertible Security. The 2018 loss includes the value of Warrants issued to Lind in connection with the Subsequent Convertible Security funding, as well as recognition of prepaid interest incurred on funding.

Foreign exchange (gain) loss is primarily due to changes in the United States dollar ("USD") against the Canadian dollar ("C$") and reflects the timing of foreign currency transactions and subsequent changes in exchange rates. The impact in 2018 primarily relates to strengthening USD rates as applied to the USD-denominated convertible debt instruments and related-party debt, which are recorded on the Canadian parent company books in C$.

Three months ended December 31, 2018 compared to three months ended December 31, 2017

Overall, the increase in net loss for the three months ended December 31, 2018 as compared to the same period in 2017 is the result of primarily the same factors underlying the six-month changes, as discussed above, with respect to employee-related costs, professional fees, exploration expenditures, and foreign exchange (gain) loss. The decrease in loss for changes in financial instrument fair values in 2018 as compared to 2017 relates to warrant expense associated with Lind fundings which occurred in 2017.

Liquidity and Capital Resources

We have no revenue generating operations from which we can internally generate funds. To date, our ongoing operations have been financed by the sale of our equity securities by way of private placements, convertible securities issuances, and the exercise of incentive stock options and share purchase warrants. We believe that we will be able to secure additional private placement financings in the future, although we cannot predict the size or pricing of any such financings. In addition, we may raise funds through the sale of interests in our mineral properties, although current market conditions have substantially reduced the number of potential buyers/acquirers of any such interests.

As of December 31, 2018, the Company had cash of $0.8 million and a working capital deficit of $3.2 million, compared to cash of $0.1 million and working capital deficit of $3.4 million on June 30, 2018. Working capital remained relatively unchanged as cash inflows from financing initiatives were offset by operating expenditures.

We expect that the Company will operate at a loss for the foreseeable future. The Company’s current planned operational needs are approximately $7 million until June 30, 2019. In addition to outstanding accounts payable and short-term liabilities, our average monthly expenditures are approximately $430 per month where approximately $270 is for corporate overhead and estimated costs related to securing financing necessary for advancement of the Elk Creek Project. Approximately $160 per month is planned for expenditures relating to the advancement of Elk Creek Project by NioCorp’s wholly-owned subsidiary, Elk Creek Resources Corp. The Company’s ability to continue operations and fund our current work plan is dependent on management’s ability to secure additional financing.

The Company anticipates that it may need to raise $7.0 million - $8.0 million to continue planned operations for the next twelve months focused on financing and detailed engineering efforts related to the Elk Creek Project. Management is actively pursuing such additional sources of debt and equity financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Elk Creek property lease commitments are $24 until June 30, 2019. To maintain its currently held properties and fund its currently anticipated general and administrative costs and planned exploration and development activities at the Elk Creek Project for the fiscal year ending June 30, 2019, the Company will likely require additional financing during the current fiscal year. Should such financing not be available in that time-frame, we will be required to reduce our activities and will not be able to carry out all our presently planned activities at the Elk Creek Project.

We currently have no further funding commitments or arrangements for additional financing at this time (other than the potential exercise of Options and Warrants) and there is no assurance that we will be able to obtain additional financing on acceptable terms, if at all. Following the end of the quarter, on January 15, 2019, 9,035,285 outstanding warrants priced at C$0.75 expired unexercised. There is significant uncertainty that we will be able to secure any additional financing in the current equity or debt markets. The quantity of funds to be raised and the terms of any proposed equity or debt financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. management intends to pursue funding sources of both debt and equity financing, including but not limited to the issuance of equity securities in the form of Common Shares, Warrants, subscription receipts, or any combination thereof in units of the Company pursuant to private placements to accredited investors or pursuant to equity lines of credit or public offerings in the form of underwritten/brokered offerings, at-the-market offerings, registered direct offerings, or other forms of equity financing and public or private issuances of debt securities including secured and unsecured convertible debt instruments or secured debt project financing. Management does not currently know the terms pursuant to which such financings may be completed in the future, but any such financings will be negotiated at arm’s-length. Future financings involving the issuance of equity securities or derivatives thereof will likely be completed at a discount to the then-current market price of the Company’s securities and will likely be dilutive to current shareholders.

The audit opinion and notes that accompany our financial statements for the year ended June 30, 2018 disclose a "going concern" qualification and disclosures to our ability to continue in business. The financial statements included in this Quarterly Report on Form 10-Q have been prepared under the assumption that we will continue as a going concern. We are an exploration stage company and we have incurred losses since our inception. We do not have sufficient cash to fund normal operations and meet debt obligations for the next twelve months without deferring payment on certain current liabilities and raising additional funds. We believe that the going concern condition cannot be removed with confidence until the Company has entered into a business climate where funding of its planned ongoing operating activities is secured.

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

Operating Activities

During the six months ended December 31, 2018, the Company's operating activities consumed $2.5 million of cash (2017: $2.6 million). The cash used in operating activities for 2018 reflects the Company's funding of losses of $4.2 million, partially offset by share-based compensation charges and other non-cash transactions. Overall, 2018 operational outflows were unchanged from 2017. Going forward, the Company's working capital requirements are expected to increase substantially in connection the development of the Elk Creek Project.

Financing Activities

Financing inflows were $3.3 million during the three months ended December 31, 2018 as compared to $2.1 million during the corresponding period in 2017, primarily reflecting the timing of private placement issuances initiated during the comparative periods.

Cash Flow Considerations

The Company has historically relied upon equity financings and, to a lesser degree, 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 such financing on terms more favorable than 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.

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

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

Contractual Obligations

There have been no material changes to our contractual obligations discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Tabular Disclosure of Contractual Obligations" as of June 30, 2018, in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Critical Accounting Policies

There have been no material changes in our critical accounting policies discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Critical Accounting Policies" as of June 30, 2018, in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

Certain U.S. Federal Income Tax Considerations

The Company has been a "passive foreign investment company" ("PFIC") as defined under Section 1297 of the U.S. Internal Revenue Code of 1986, as amended, in recent years and expects to continue to be a PFIC in the future. Current and prospective United States shareholders should consult their tax advisors as to the tax consequences of PFIC classification and the U.S. federal tax treatment of PFICs. Additional information on this matter is included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018, under the heading "Risks Related to the Common Shares."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

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

Foreign currency exchange risk

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

Commodity price risk

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

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q for the quarter ended December 31, 2018, an evaluation was carried out under the supervision of and with the participation of our management, including the CEO and the Chief Financial Officer ("CFO"), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). Based on that evaluation, the CEO and the CFO have concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by us in reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including the CEO and the CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

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

Changes in Internal Control over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting during the three months ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no changes to the risk factors set forth under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Pursuant to Section 1503(a) of the Dodd-Frank Act, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose specified information about mine health and safety in their periodic reports. These reporting requirements are based on the safety and health requirements applicable to mines under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”) which is administered by the U.S. Department of Labor’s Mine Safety and Health Administration (“MSHA”). During the three-month period ended December 31, 2018, the Company and its subsidiaries and their properties or operations were not subject to regulation by MSHA under the Mine Act and thus no disclosure is required under Section 1503(a) of the Dodd-Frank Act.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

(1) Previously filed as an exhibit to the Company's Draft Registration Statement on Form S-1 (Registration No. 377-01354) submitted to the SEC on July 26, 2016 and incorporated herein by reference.

(3) Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Interim Consolidated Balance Sheets as of December 31, 2018 and June 30, 2018, (ii) the Condensed Interim Consolidated Statements of Operations and Comprehensive Loss for the Three and Six Months ended December 31, 2018 and 2017, (iii) the Condensed Interim Consolidated Statements of Cash Flows for the Six Months Ended December 31, 2018 and 2017, (iv) the Condensed Interim Consolidated Statements of Shareholders' Equity for the Three and Six Months Ended December 31, 2018 and 2017 (v) the Notes to the Condensed Interim Consolidated Financial Statements.

SIGNATURES

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

NIOCORP DEVELOPMENTS LTD.
(Registrant)

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

Date: February 8, 2019

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

Date: February 8, 2019

EXHIBIT 31.1

CERTIFICATION

I, Mark A. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NioCorp Developments Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2019

By: /S/ Mark A. Smith
Mark A. Smith
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Neal Shah, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NioCorp Developments Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2019

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

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of NioCorp Developments Ltd. (the "Company"), for the period ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Smith, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: February 8, 2019

By: /S/ Mark A. Smith
Mark A. Smith
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

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

In connection with the Quarterly Report on Form 10-Q of NioCorp Developments Ltd. (the "Company"), for the period ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neal Shah, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: February 8, 2019

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