NioCorp
SUPERALLOY MATERIALS

ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

NIOCORP DEVELOPMENTS LTD.
7000 SOUTH YOSEMITE ST. SUITE 115
CENTENNIAL, CO 80112

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
NioCorp Developments Ltd.
Centennial, Colorado

We have audited the accompanying consolidated balance sheets of NioCorp Developments Ltd. as of June 30, 2017 and 2016 and the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2017. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NioCorp Developments Ltd. at June 30, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2017, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 4 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 4. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ BDO USA, LLP

Spokane, Washington
August 29, 2017

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

	Note	As of June 30, 2017	2016
ASSETS			
Current			
Cash		$ 238	$ 4,412
Restricted cash		265	—
Prepaid expenses and other		152	106
Total current assets		655	4,518
Non-current			
Deposits		51	65
Available for sale securities at fair value		23	32
Equipment		5	14
Mineral interests	5	10,617	10,617
Total assets		$ 11,351	$ 15,246
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 3,146	$ 1,256
Related party loan	9	1,175	1,000
Convertible debt, current portion	6	2,161	—
Total current liabilities		6,482	2,256
Convertible debt, net of current portion	7	1,896	6,466
Derivative liability, convertible debt	7	82	330
Total liabilities		8,460	9,052
Commitments and contingencies	13		
SHAREHOLDERS' EQUITY			
Common stock, unlimited shares authorized; shares outstanding: 198,776,337 at June 30, 2017 and 180,467,990 at June 30, 2016	8	68,029	58,401
Additional paid-in capital		10,320	8,630
Accumulated deficit		(74,852)	(60,222)
Accumulated other comprehensive loss		(606)	(615)
Total shareholder equity		2,891	6,194
Total liabilities and equity		$ 11,351	$ 15,246

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

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

	Note	For the year ended June 30, 2017	2016	2015
Operating expenses				
Consulting		$ —	$ 201	$ 242
Depreciation		9	9	10
Employee related costs		2,551	1,988	3,413
Finance costs		4	242	39
Professional fees		1,105	512	435
Exploration expenditures	10	8,927	4,719	18,051
Other operating expenses		1,181	1,847	3,178
Impairment of equipment		—	—	112
Total operating expenses		13,777	9,518	25,480
Change in financial instrument fair value	7	574	2,719	—
Other gains	6	—	(587)	—
Interest and other income		—	—	(16)
Foreign exchange (gain) loss		(16)	(528)	434
Interest expense		286	275	—
Loss (gain) on available for sale securities		9	11	(28)
Loss before income taxes		14,630	11,408	25,870
Income tax benefit		—	—	(2,755)
Net loss		$ 14,630	$ 11,408	$ 23,115
Other comprehensive (gain) loss:				
Net loss		$ 14,630	$ 11,408	$ 23,115
Other comprehensive loss:				
Reporting currency translation		(9)	(427)	959
Total comprehensive loss		$ 14,621	$ 10,981	$ 24,074
Loss per common share, basic and diluted		$ 0.08	$ 0.07	$ 0.17
Weighted average common shares outstanding		187,810,774	164,038,509	136,045,244

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

NioCorp Developments Ltd.
Consolidated Balance Sheets

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

	2017	For the year ended June 30, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Total loss for the period	$ (14,630)	$ (11,408)	$ (23,115)
Adjustments for:			
Depreciation	9	9	10
Change in financial instrument fair value	574	2,719	—
Warrants expense	—	540	2,159
Unrealized loss (gain) on available-for-sale investments	9	11	(28)
Impairment of equipment	—	—	112
Accretion of convertible debt	106	81	—
Deferred taxes	—	—	(2,755)
Foreign exchange (gain) loss	41	(247)	183
Other gains	—	(587)	—
Share-based compensation	1,471	1,049	2,506
	(12,420)	(7,833)	(20,928)
Change in non-cash working capital items:			
Receivables	(2)	8	25
Prepaid expenses	(43)	(63)	(39)
Accounts payable and accrued liabilities	1,794	(3,086)	3,625
Net cash used in operating activities	(10,671)	(10,974)	(17,317)
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposits	9	—	(14)
Acquisition of equipment	—	(4)	(27)
Net cash used in investing activities	9	(4)	(41)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	5,673	9,993	13,979
Share issue costs	(52)	(151)	(521)
Issuance of convertible debt, net of issuance costs	1,000	5,060	—
Related party debt draws	175	600	1,500
Related party debt repayment	—	(1,100)	—
Net cash provided by financing activities	6,796	14,402	14,958
Exchange rate effect on cash, cash equivalents and restricted cash	(43)	235	345
Change in cash, cash equivalents and restricted cash during period	(3,909)	3,659	(2,055)
Cash, cash equivalents and restricted cash, beginning of period	4,412	753	2,808
Cash, cash equivalents and restricted cash, end of period	$ 503	$ 4,412	$ 753
Supplemental cash flow information:			
Amounts paid for interest	$ 135	$ 144	$ —
Amounts paid for income taxes	$ —	$ —	$ —
Non-cash financing transaction (Lind conversions)	$ 4,103	$ 638	$ —

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

NioCorp Developments Ltd.
Consolidated Balance Sheets

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

	Common Shares Outstanding	Common Stock	Additional paid-in capital	Deficit	Accumulated other comprehensive income	Total
Balance, July 1, 2014	122,884,716	$ 33,667	$ 2,933	$ (25,699)	$ (83)	$ 10,818
Private placement - November 2014	19,245,813	8,846	—	—	—	8,846
Private placement - March 2015	2,914,000	1,722	—	—	—	1,722
Issue costs	—	(708)	187	—	—	(521)
Exercise of warrants	5,125,805	2,368	—	—	—	2,368
Exercise of options	6,250,000	1,042	—	—	—	1,042
Fair value of stock options exercised	—	680	(680)	—	—	—
Fair value of warrants granted to ThyssenKrupp	—	—	1,854	—	—	1,854
Fair value of warrants for financial services agreement	—	—	268	—	—	268
Fair value of warrants for sponsorship agreement	—	—	99	—	—	99
Share-based payments	—	—	2,589	—	—	2,589
Reporting currency translation	—	—	—	—	(959)	(959)
Loss for the year	—	—	—	(23,115)	—	(23,115)
Balance, June 30, 2015	156,420,334	$ 47,617	$ 7,250	$ (48,814)	$ (1,042)	$ 5,011
Exercise of warrants	12,549,309	5,838	—	—	—	5,838
Exercise of options	1,415,000	405	—	—	—	405
Fair value of broker warrants granted	—	—	15	—	—	15
Fair value of Lind Warrants granted	—	—	620	—	—	620
Private placement - January 2016	9,074,835	3,750	—	—	—	3,750
Debt conversions	1,008,512	638				638
Share issuance costs	—	(151)	—	—	—	(151)
Fair value of stock options exercised	—	304	(304)	—	—	—
Share-based payments	—	—	1,049	—	—	1,049
Reporting currency translation	—	—	—	—	427	427
Loss for the year	—	—	—	(11,408)	—	(11,408)
Balance, June 30, 2016	180,467,990	$ 58,401	$ 8,630	$ (60,222)	$ (615)	$ 6,194
Exercise of warrants	3,447,137	1,675	—	—	—	1,675
Exercise of options	150,000	70	—	—	—	70
Fair value of broker warrants granted	—	—	20	—	—	20
Fair value of Lind Warrants granted	—	—	233	—	—	233
Private placement – February 2017	7,364,789	3,927	—	—	—	3,927
Debt conversions	7,346,421	4,103	—	—	—	4,103
Share issuance costs	—	(181)	—	—	—	(181)
Fair value of stock options exercised	—	34	(34)	—	—	—
Share-based payments	—	—	1,471	—	—	1,471
Reporting currency translation	—	—	—	—	9	9
Loss for the year	—	—	—	(14,630)	—	(14,630)
Balance, June 30, 2017	198,776,337	$ 68,029	$ 10,320	$ (74,852)	$ (606)	$ 2,891

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

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

1. DESCRIPTION OF BUSINESS

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

The Company currently earns no operating revenues and will require additional capital in order to advance the Elk Creek Project. 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
These consolidated financial statements have been prepared in conformity with generally accepted accounting principles of the United States of America ("US GAAP"). Certain transactions include reference to Canadian dollars ("C$") where applicable.

These consolidated financial statements include the accounts of the Company and the subsidiaries listed in the following table. All intercompany transactions and balances have been eliminated.

	Country of incorporation	**Ownership at June 30, 2017**	**2016**
0896800 BC Ltd.	Canada	100%	100%
Elk Creek Resources Corp.	USA	100%	100%
Silver Mountain Mines Corp.	USA	100%	100%

b) 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 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. SIGNIFICANT ACCOUNTING POLICIES

a) Exploration Stage Enterprise
The Company is in the exploration stage of operation and devotes substantially all of its efforts to acquiring and exploring mining interests that management believes should eventually provide sufficient net profits to sustain the Company's existence. Until such interests are engaged in commercial production, the Company will continue to seek additional funding to support the completion of its exploration and development activities. The Company's activities are subject to significant risks and uncertainties, including its ability to secure sufficient funding to continue operations, to obtain proven and probable reserves, to comply with industry regulations and obtain permits necessary for development of the Elk Creek Project, as well as environmental risks and market conditions.

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

b) Cash and Cash Equivalents
Cash and cash equivalents includes cash on hand, cash in banks, investments in certificates of deposit with original maturities of 90 days or less, and money market funds. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	As of June 30, 2017	2016
Cash and cash equivalents	$ 238	$ 4,412
Restricted cash	265	—
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 503	$ 4,412

Restricted cash represents amounts held in escrow to secure payment of work related to the Company's Elk Creek Project feasibility study. Under the terms of the escrow agreement, the balance of $265 will be drawn against outstanding accounts payable once certain project milestones are met.

c) Foreign Currency Translation
Functional and reporting currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the Canadian Dollar. Effective July 1, 2015, the Corporation changed the functional currency for Elk Creek Resources Corp., a wholly-owned subsidiary, from the Canadian Dollar to the U.S. Dollar. This change was made as a greater percentage of expenditures for technical and administrative services, and raised financings are denominated in U.S. Dollars. No other entities in the Group were affected by this change in functional currency. This change in judgment has been accounted for prospectively in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 830.

The reporting currency for these consolidated financial statements is U.S. Dollars.

Transactions in foreign currency
Transactions made in a currency other than Canadian Dollars are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date and non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Foreign currency gains and losses arising from translation are included in profit or loss.

Translation to reporting currency
The results and financial position of entities that have a functional currency different from the reporting currency are translated into the reporting currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting date.
- Income and expenses for each statement of income are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions.
- All resulting exchange differences are recognized in other comprehensive income.

d) Available for Sale Securities
Available for sale securities are recorded at fair value through the statement of operations pursuant to the fair value option permitted by ASC 825, Financial Instruments.

e) Equipment
Equipment is stated at cost less accumulated depreciation. The residual value, useful life and depreciation method are evaluated every reporting period and changes to the residual value, estimated useful life or depreciation method resulting from such review are accounted for prospectively. Depreciation is provided for using the straight line basis at the following rates per annum:

Computer equipment	three years
Furniture and equipment	five years

f) Mineral Properties
Mineral property acquisition costs, including indirectly related acquisition costs, are capitalized when incurred. Acquisition costs include cash consideration and the fair market value of common shares issued as consideration. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are capitalized as mineral property acquisition costs at such time as the payments are made. Exploration costs are expensed as incurred. When it is determined that a mining deposit can be economically and legally extracted or produced based on established proven and probable reserves under SEC Industry Guide 7, development costs related to such reserves and incurred after such determination will be considered for capitalization. The establishment of proven and probable reserves is based on results of feasibility studies, which indicate whether a property is economically feasible. Upon commencement of commercial production, capitalized costs will be amortized over their estimated useful lives or units of production, whichever is a more reliable measure. Capitalized amounts relating to a property that is abandoned or otherwise considered uneconomic for the foreseeable future are written off.

g) Long Lived Assets
Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted net cash flows related to the long-lived assets. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

h) Financial Instruments
The Company's financial instruments consist of cash, receivables, available for sale securities, accounts payable and accrued liabilities, convertible debt and the related party loan. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these instruments approximate their carrying value unless otherwise noted.

i) Concentration of Credit Risk
The financial instrument which potentially subjects the Company to credit risk is cash and cash equivalents, The Company holds invests or maintains available cash primarily in two commercial banks located in Vancouver, British Columbia and Santa Clara, California. As part of its cash management process, the Company regularly monitors the relative credit standing of these institutions.

j) Asset Retirement Obligation
The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The estimated costs associated with environmental remediation obligations are accrued in the period in which the liability is incurred if it is reasonably estimable or known. Until such time that a project life is established, the Company records the corresponding cost as an exploration stage expense, and has accrued \$83 related to estimated obligations as of June 30, 2017 (2016 - \$83).

Future reclamation and environmental-related expenditures are difficult to estimate in many circumstances due to the early stage nature of the project, the uncertainties associated with defining the nature and extent of environmental disturbance, the application of laws and regulations by regulatory authorities and changes in reclamation or remediation technology. The Company periodically reviews accrued liabilities for such reclamation and remediation costs as evidence indicating that the liabilities have potentially changed becomes available. Changes in estimates are reflected in the consolidated statement of operations in the period an estimate is revised.

k) Income Taxes
Income taxes are provided based upon the liability method of accounting pursuant to ASC 740-10-25, *"Income Taxes – Recognition."* Under the approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the "more likely than not" standard imposed by ASC 740-10-25-5 to allow recognition of such an asset.

l) Basic and Diluted Per Share Disclosure
Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding. In computing diluted earnings per share, the weighted average number of shares outstanding is adjusted to reflect the effect of potentially dilutive securities. Potentially dilutive shares, such as stock options and warrants, are excluded from the calculation when their inclusion would be anti-dilutive, such as when the exercise price of the instrument exceeds the fair market value of the Company's common stock and when a net loss is reported. The dilutive effect of convertible debt securities is reflected in the diluted earnings (loss) per share calculation using the if-converted method. Conversion of the debt securities is not assumed for purposes of calculating diluted earnings (loss) per share if the effect is anti-dilutive.

m) Stock Based Compensation
The Company grants stock options to directors, officers, and employees. Option terms and vesting conditions are at the discretion of the Board of Directors. The option exercise price is equal to the closing market price on the Toronto Stock Exchange on the Toronto Stock Exchange on the day preceding the date of grant.

The Company estimates the fair value of stock options using the Black-Scholes option pricing model. The Company estimates forfeitures of stock-based awards based on historical data and periodically adjusts the forfeiture rate. The adjustment of the forfeiture rate is recorded as a cumulative adjustment in the period the forfeiture estimate is changed.

n) Recent Accounting Standards

<u>Issued and Adopted</u>
In November 2016, the FASB issued Accounting Standards Update ("ASU") 2016-18, Statement of Cash Flows (Topic 230), Restricted Cash. The standard provides guidance on the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. Restricted cash and restricted cash equivalents should now be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the statements of cash flows. The amendments of this ASU are effective for reporting periods beginning after December 15, 2017, with early adoption permitted. We have adopted the guidance for the year ended June 30, 2017 and have applied this amended accounting guidance to the Statements of Consolidated Cash Flows for all periods presented. The adoption of ASU 2016-15 did not have an impact on prior results reported in the Consolidated Statements of Cash Flows.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments. The new standard addresses eight specific changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for interim and annual reporting periods beginning after December 15, 2017, and early adoption is permitted. We have adopted the guidance for the year ended June 30, 2017 and have applied this amended accounting guidance. The adoption of this ASU had no impacts on our financial statement disclosures.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern. The new standard requires management of public and private companies to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern and, if so, disclose that fact. Management will also be required to evaluate and disclose whether its plans alleviate that doubt. The new standard is effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. We have adopted the guidance for the year ended June 30, 2017. The adoption of this ASU did not impact our disclosures in 2017.

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

In January 2017, the FASB issued *ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business*. The update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company will apply the provisions of the update to potential future acquisitions occurring after the effective date.

In February 2016, the FASB issued *ASU 2016-02, Leases*. The standard requires that a lessee recognize on the balance sheet assets and liabilities for leases with lease terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease have not significantly changed from the previous GAAP. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within such fiscal year, with early adoption permitted. The Company is currently evaluating the expected impact that the standard could have on its financial statements and related disclosures.

In March 2016, the FASB issued the *ASU 2016-09, Improvements to Employee Share-Based Payment Accounting*. The amendments in this ASU require, among other things, that all income tax effects of awards be recognized in the income statement when the awards vest or are settled. The ASU also allows for an employer to repurchase more of an employee's shares than it can today for tax withholding purposes without triggering liability accounting and allows for a policy election to account for forfeitures as they occur. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted for any entity in any interim or annual period. The Company is currently evaluating the expected impact that the standard could have on its financial statements and related disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

4. GOING CONCERN ISSUES

The Company incurred a loss of $14,630 for the year ended June 30, 2017 (2016 - $11,408 and 2015 - $23,115), and has a working capital deficit and accumulated deficit of $5,827 and $74,852, respectively, as of June 30, 2017. 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.

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

5. MINERAL INTERESTS

During the year ended June 30, 2011, the Company completed the acquisition of the Elk Creek property through a share exchange agreement with 0859404 BC Ltd, a Canadian company, which owned all the issued and outstanding shares of Elk Creek Resources Corp. ("Elk Creek"). The Company issued 18,990,539 Common Shares to acquire all of the issued and outstanding shares of 0859404 BC Ltd. and issued 1,034,348 Common Shares as a finder's fee with respect to the acquisition. The transaction did not meet the definition of a business acquisition, as set forth in ASC 805, and therefore was accounted for as a purchase of assets. The acquisition price was based on the market value of the Company's Common Shares on the closing date and total consideration given was C$13,246, including associated deferred tax impacts of C$4,736.

The property interests of Elk Creek consist of a number of prepaid five-year mineral exploration lease agreements, and include a pre-determined buyout for permanent ownership of the mineral rights. During the year ended June 30, 2015, the Company executed 5-year extensions to all landholder agreements covering 100% of the mineralized materials at the Elk Creek Project. Terms of the agreements require no further significant payments, and the Company may negotiate lease extensions or elect to buyout the mineral rights at any time. Certain agreements also contain provisions to purchase surface rights, and several contain provisions whereby the landowners would retain a 2% NSR.

6. FLOW THROUGH LIABILITIES

The Company issued 8,337,000 Common Shares to Canadian investors on a flow-through basis for gross proceeds of C$2,501 in November 2010. The Company was required to incur eligible flow-through expenditures up to November 2011. The Company was short by approximately C$1,470 in meeting this requirement. Under the subscription agreement with the Canadian investors, the Company had an obligation to indemnify the subscriber for any taxes that may arise from the Company failing to meet the flow-through expenditure requirements. The Company did not receive any claims through April 30, 2016 against this accrual, and the accrual was reversed on April 30, 2016 and the Company recorded a corresponding gain of $587 in 'other gains'. Any claims after May 1, 2016 will be evaluated through the statute of limitations of the Canada Revenue Agency and expensed as incurred.

7. CONVERTIBLE DEBT

	As of June 30, 2017	2016
Convertible security, current portion	$ 2,161	$ —
Convertible notes	592	475
Convertible security	1,304	5,991
Total convertible debt, net of current portion	$ 1,896	$ 6,466

Convertible Notes

The Company completed a non-brokered private placement of unsecured convertible promissory notes (the "Notes"), for gross proceeds of $800 (the "Private Placement") in October 2015. The Notes bear interest at a rate of 8%, payable quarterly in arrears, are non-transferable and have a term of three years from the date of issue. Principal under the Notes is convertible by lenders at any time into, and payable by the Company in, common shares of the Company at a conversion price of C$0.97 per common share, calculated on conversion or repayment using the then-current Bank of Canada noon exchange rate. Accrued but unpaid interest on the Notes will be convertible by lenders into, and payable by the Company in, common shares at a price per common share equal to the most recent closing price of the Company's common shares prior to the delivery to the Company of a request to convert interest, or the due date of interest, as applicable, calculated using the then-current Bank of Canada noon exchange rate. Interest, when due, is payable either in cash or Shares, at the election of the Company.

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

The conversion feature of the debentures meets the definition of a derivative liability instrument because the conversion feature is denominated in a currency other than the Company's Canadian dollar functional currency and the conversion rate is variable and therefore does not meet the "fixed-for-fixed" criteria outlined in ASC 815-40-15. As a result, the conversion feature of the debentures is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income.

The following table discloses the components associated with this transaction on the closing date:

		Convertible Notes
Face value of Notes on closing	$	800
Less:		
Transaction costs		(47)
Conversion component		(360)
Convertible notes, opening balance	$	393

The Company incurred transaction costs of $47, which have been added to the carrying amount of the financial liability and are amortized as part of the effective interest rate.

Changes in the Notes balance are comprised of the following:

		Convertible Notes
Notes, balance on closing	$	393
Accreted interest, net of interest paid		82
Balance, June 30, 2016		475
Accreted interest, net of interest paid		117
Balance, June 30, 2017	$	592

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

		Derivative Liability
Opening balance	$	360
Change in fair value of derivative liability		(30)
Balance, June 30, 2016		330
Change in fair value of derivative liability		(248)
Balance, June 30, 2017	$	82

<u>Lind Partners Convertible Security Funding</u>
On December 22, 2015, the Company closed a definitive convertible security funding agreement (the "Lind Agreement") with Lind Asset Management IV, LLC ("Lind"). The Lind Agreement includes a $4,500 principal amount, 10% secured convertible security (the "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 is prepaid and added to its principal amount; accordingly, the initial face value of the Convertible Security is $5,400, and the yield of the Convertible Security (if held, unconverted, to maturity) will be 10% per annum, or $900. Each Lind Warrant has a term of three years from its date of issuance and will entitle the holder to purchase one additional Common Share (a "Lind Warrant Share") at a price of C$0.72 on or before December 22, 2018. Lind can increase the funding under the Convertible Security by an additional $1,000 during its two-year term. Further, provided certain conditions are met, the Company will have the right to call an additional $1,000 under the funding agreement (a "First Tranche Increase").

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 (in Canadian dollars) for the five consecutive trading days immediately prior to the date on which the Investor 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.

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

The Company has elected to account for the Convertible Security at fair value. Transaction costs of $214, including a 3% closing fee paid to Lind of $135, were expensed at closing. In addition, the Company recognized $620 in change in financial instrument fair value in the consolidated statement of operations related to fair value of the Lind Warrants at closing. The fair value of the Lind Warrants was estimated based on the Black Scholes pricing model using a risk-free interest rate of 1.30%, an expected dividend yield of 0%, a volatility of 86.58%, and an expected life of 3.0 years.

On March 20, 2017, the Company and Lind entered into an amendment to extend the term of the Convertible Security from 24 months to 30 months, such that the due date has been extended to June 22, 2018.

Changes in the Convertible Security balance are comprised of the following:

		Convertible Security
Opening balance	$	4,500
Conversions, at fair value		(638)
Change in fair market value		2,129
Balance, June 30, 2016	$	5,991
Conversions, at fair value		(4,103)
Change in fair market value		273
Balance, June 30, 2017	$	2,161

On February 14, 2017, upon satisfaction of the conditions for the First Tranche Increase, the Company provided notice to Lind to demand the advancement of an additional $1,000 in funding under the Convertible Security pursuant to its right to call. This amount was funded by Lind on March 31, 2017, resulting in an increase in the face amount of the Convertible Security of $1,200 ($1,000 in funding and $200 in implied interest). The maturity date of the First Tranche increase is March 31, 2019. Consistent with the accounting method utilized for the original Convertible Security drawdowns, the First Tranche Increase has been accounted for at fair value.

In connection with the First Tranche Increase closing, the Company issued Lind 890,670 Common Share purchase warrants of the Company (the "First Tranche Warrants"). The First Tranche Warrants have a term of 36 months from issuance, and an exercise price $C0.90. The fair value of the First Tranche Warrants was estimated based on the Black Scholes pricing model using a risk-free interest rate of 1.30%, an expected dividend yield of 0%, a volatility of 81%, and an expected life of 3.0 years. The Company recognized $234 in change in financial instrument fair value in the consolidated statement of operations related to fair value of the First Tranche Warrants at closing.

		First Tranche Increase
Balance, June 30, 2016	$	—
Additional investment		1,000
Change in fair market value		304
Balance, June 30, 2017	$	1,304

The Lind Agreement 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 $2,000, 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. This covenant became effective after February 1, 2016 and the Company was in compliance as of June 30, 2017.

8. COMMON STOCK

a) Issuances

2017Issuances

On February 14, 2017, the Company completed the first tranche closing (the "First Tranche Closing") of a non-brokered private placement of units (each a "Unit") (the "February 2017 Offering"). The First Tranche Closing consisted of the issuance of 3,860,800 Units at a price of C$0.70 per Unit, for gross proceeds of C$2.7 million.

Each Unit consists of one Common Share and one transferable Common Share purchase warrant (each whole such warrant a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of C$0.85 for a period of 36 months from their date of issuance.

On February 28, 2017, the Company completed the second and final tranche closing (the "Final Closing") of the February 2017 Offering. The Final Closing consisted of the issuance of 3,503,989 units including 2,964,682 units dated February 21, 2017, and 539,307 units dated February 28, 2017 (collectively, the "Final Closing Units"), at a price of C$0.70 per Unit, for gross aggregate proceeds of C$2.5 million. Each Final Closing Unit consists of one Common Share and one transferable Common Share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of C$0.85 for a period of three years from Unit issuance. The Company paid cash commissions of C$88 and issued 78,342 broker warrants (having the same terms as the Warrants) in connection with the Final Closing to brokers outside of the United States. The broker warrants were valued at C$26 using a risk-free rate of 0.75%, expected volatility of 81.27% and expected life of three years.

2016 Issuances

On January 19, 2016, the Company closed a private placement and issued 9,074,835 units (each a "Unit") at a price of C$0.57 per Unit, resulting in total gross proceeds of $3,750. Each Unit consisted of one Common Share of the Company and one transferable Common Share purchase warrant (a "Private Placement Warrant"). Each Private Placement Warrant is exercisable to acquire one additional Common Share of the Company for a period of three years at a price of C$0.75 per Common Share. In addition, the Company issued 75,450 broker warrants at closing, under the same terms as a Private Placement Warrant. The fair value of the broker warrants of $15 was estimated based on the Black-Scholes pricing model using a risk-free interest rate of 0.75%, an expected dividend yield of 0%, a volatility of 100.13%, and an expected life of three years.

2015 Issuances

In February 2015, the Company announced it had closed a partially brokered and partially non-brokered private placement of 2,914,000 special warrants ("2015 Warrants") at an issue price of C$0.75 to raise aggregate gross proceeds of $1,722. Each 2015 Warrant is exchangeable at any time after the closing date of the offering into one unit of the Company; each unit consists of one Common Share of the Company and one Common Share purchase warrant. Each warrant entitled the holder to acquire one additional Common Share at a price of C$1.00 per share until February 27, 2017. The Company filed a prospectus and obtained the required receipt for that prospectus on March 23, 2015 and qualified the distribution of 2,914,000 2015 Warrants which were deemed exercised on March 30, 2015.

The agent, Mackie Research Capital Corporation ("MRCC") received a cash commission equal to 6.5% of the gross proceeds of the brokered portion of the offering being $112 and 182,910 compensation warrants. The broker warrants are exercisable into Common Shares at a price C$0.85 per share until February 27, 2017. The fair value of the agent warrants of $79 was estimated based on the Black-Scholes pricing model using a risk-free interest rate of 1.25%, an expected dividend yield of 0%, a volatility of 100.95%, and an expected life of 2.0 years. Total cash issue costs including agents' commission, legal and filing fees were $230.

In November 2014, the Company announced it had closed a partially brokered and partially non-brokered private placement of 19,245,813 special warrants ("2014 Special Warrants") at an issue price of C$0.55 to raise aggregate gross proceeds of $8,846. Each 2014 Special Warrant is exchangeable at any time after the closing date of the offering into one unit of the Company; each unit consists of one Common Share of the Company and one Common Share purchase warrant. Each warrant entitles the holder to acquire one additional Common Share at a price of C$0.65 per share until November 10, 2016. The Company filed a prospectus and obtained the required receipt for that prospectus on January 14, 2015 and qualified the distribution of 19,245,813 2014 Special Warrants which were deemed exercised on January 19, 2015.

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

The agent, MRCC received a cash commission equal to 6.5% of the gross proceeds of the brokered portion of the offering and 205,304 non-transferable compensation units. The broker warrants are exercisable into units having the same terms as the units issued under the Offering. Each unit entitles the agent to purchase a unit at a price of C$0.55 each. Each unit consists of one Common Share and one warrant exercisable at a price of C$0.65 per share until November 10, 2016. The fair value of the agent warrants of $108 was estimated based on the Black Scholes pricing model using a risk-free interest rate of 1.25%, an expected dividend yield of 0%, a volatility of 108.9%, and an expected life of two years. Total cash issue costs including agents' commission, legal and filing fees was $300.

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

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, July 1, 2014	7,060,000	C$	0.19
Granted	7,320,000	C$	0.76
Exercised	(6,250,000)	C$	0.20
Cancelled/expired	(25,000)	C$	0.30
Balance, June 30, 2015	8,105,000	C$	0.69
Granted	5,875,000	C$	0.62
Exercised	(1,415,000)	C$	0.38
Cancelled/expired	(1,100,000)	C$	0.75
Balance June 30, 2016	11,465,000	C$	0.69
Granted	6,360,000	C$	0.78
Exercised	(150,000)	C$	0.62
Cancelled/expired	(1,070,000)	C$	0.66
Balance June 30, 2017	16,605,000	C$	0.73
Number of options currently exercisable	9,281,250	C$	0.71

The following table summarizes the information and assumptions used to determine option costs:

	Year ended June 30, 2017	2016	2015
Fair value per option granted during the period (C$)	$ 0.42	$ 0.30	$ 0.42
Risk-free interest rate	0.75%	0.75%	1.25%
Expected dividend yield	0%	0%	0%
Expected stock price volatility (historical basis)	92.9%	98.2%	105.6%
Expected option life in years	2.15	2.15	2.15

The following table summarizes information about stock options outstanding at June 30, 2017:

Exercise price	Expiry date	Number outstanding		Aggregate Intrinsic Value	Number exercisable		Aggregate Intrinsic Value
C$0.62	January 19, 2021	5,275,000	C$	686	3,956,250	C$	514
C$0.65	July 28, 2017	1,250,000		125	1,250,000		125
C$0.76	September 2, 2017	500,000		—	500,000		—
C$0.76	March 6, 2022	5,650,000		—	—		—
C$0.80	December 22, 2017	2,720,000		—	2,720,000		—
C$0.94	April 28, 2018	500,000		—	500,000		—
C$0.96	July 21, 2021	710,000		—	355,000		—
Balance June 30, 2017		16,605,000	C$	811	9,281,250	C$	639

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

The aggregate intrinsic value in the preceding table represents the total intrinsic value, based on the Company's closing stock price of C$0.75 as of June 30, 2017, which 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 June 30, 2017 was 5,206,250. The total intrinsic value of options exercised during the year ended June 30, 2017 was $14.

As of June 30, 2017, there was $848 of unrecognized compensation cost related to unvested share-based compensation arrangements granted under the Plan. The cost is expected to be recognized over a weighted average period of approximately 14 months.

c) Warrants
Warrant transactions are summarized as follows:

	Warrants		Weighted average exercise price
Balance, July 1, 2014	1,064,140	C$	0.25
Granted:			
Warrants: November financing	19,245,813	C$	0.65
Warrants: March financing	2,914,000	C$	1.00
Agents' warrants: November financing	205,304	C$	0.55
Agents' warrants: November financing	205,304	C$	0.65
Agents' warrants: March financing	182,910	C$	0.85
Agents' advisory warrants*	750,000	C$	0.55
Agents' sponsorship warrants**	250,000	C$	0.60
ThyssenKrupp offtake agreement***	8,569,000	C$	0.67
Exercised	(5,125,805)	C$	0.35
Expired	—		—
Balance, June 30, 2015	28,260,666	C$	0.73
Granted:			
Lind Warrants	3,125,000	C$	0.72
January 2016 Private Placement	9,074,835	C$	0.75
Broker warrants: January 2016 Private Placement	75,450	C$	0.75
Advisory Warrants*	750,000	C$	0.65
Sponsorship warrants**	250,000	C$	0.65
Exercised	(11,733,766)	C$	0.65
Expired	(7,068,500)	C$	0.67
Balance June 30, 2016	22,733,685	C$	0.75
Granted:			
Lind First Tranche Warrants	890,670	C$	0.90
February 2017 Private Placements	7,364,789	C$	0.85
Broker Warrants: February 2017 Private Placement	78,342	C$	0.85
Exercised	(3,447,137)	C$	0.65
Expired	(7,011,263)	C$	0.79
Balance June 30, 2017	20,609,086	C$	0.79

* 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. Each advisory warrant entitled MRCC to purchase a unit of the Company at a price of C$0.55 each, on or before December 4, 2016. Each such unit consisted of one Common Share and one warrant exercisable at a price of C$0.65 per share until December 4, 2016. These units were exercised during the year ended June 30, 2016, resulting in the granting of an additional 750,000 warrants.

** 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 sponsorship warrants on January 14, 2015, entitling MRCC to purchase units of the Company at C$0.60 per unit until January 14, 2017. Each such unit consisted of one Common Share and one warrant exercisable at C$0.65 per share until January 14, 2017. These units were exercised during the year ended June 30, 2016, resulting in the granting of an additional 250,000 warrants.

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

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

At June 30, 2017, the Company has outstanding exercisable warrants, as follows:

Number	Exercise Price		Expiry Date
3,125,000	C$	0.72	December 22, 2018
9,150,285	C$	0.75	January 19, 2019
3,860,800	C$	0.85	February 14, 2020
2,964,682	C$	0.85	February 21, 2020
617,649	C$	0.85	February 28, 2020
890,670	C$	0.90	March 31, 2020
20,609,086			

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 C$0.65 that otherwise expire on November 10, 2016 (the "November 2016 Warrants"). The Program and its commencement were approved at a Special Meeting of Shareholders held on Tuesday May 17, 2016.

The warrant exercise program closed on June 17, 2016, resulting in gross proceeds of C$4,807. A total of 7,394,822 C$0.65 share purchase warrants expiring November 10, 2016 were exercised during the incentive period, representing about 47.6% of all C$0.65 Warrants outstanding and 66% of warrant holders eligible to participate. Each holder who exercised one warrant during the program received 1.11029 Common Shares, representing one warrant share and 0.11029 of a Common Share, as the incentive portion. A total of 8,210,394 Common Shares were issued under the program, which was previously approved by our shareholders on May 17, 2016. The Company recognized a warrant expense of $535 in other operating expenses in the consolidated statement of operations related to the fair market value of the incentive shares issued.

9. RELATED PARTY TRANSACTIONS AND BALANCES

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

On July 1, 2015, the Company entered into a non-revolving credit facility agreement in the amount of $2,000 with Mark Smith and completed a drawdown of $500 on that day, and an additional $100 was drawn under the credit facility on December 2, 2015. The credit facility bears an interest rate of 10%, is secured by the Company's assets pursuant to a general security agreement, and is subject to both a 2.5% establishment fee and 2.5% prepayment fee.

On January 13, 2016, the Company repaid $1,100 of amounts due, representing 100% of amounts drawn down under the credit facility, plus $500 of the amount due under the One-Year Loan. Interest and establishment fees payable as of December 31, 2015 were also paid.

On January 16, 2017, the Company entered into a non-revolving credit facility agreement (the "Credit Facility") in the amount of $2,000 with Mark 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 a general security agreement between the Company and Mr. Smith dated June 17, 2015. The Credit Facility contains financial and non-financial covenants customary for a facility of this size and nature. On January 18, 2017, the Company completed a drawdown from the Credit Facility in the amount of $175.

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

Effective June 16, 2016, the Company and Mr. Smith agreed to extend the due date for the remaining One-Year Loan amount of $1,000 until June 16, 2017. Additionally, on March 20, 2017, the due dates on the Smith Credit Facility and the One-Year Loan were extended to June 16, 2018 and June 17, 2018, respectively.

As of June 30, 2017, accounts payable and accrued liabilities included interest payable to Mr. Smith of $99.

10. EXPLORATION EXPENDITURES

	For the year ended June 30, 2017	2016	2015
Feasibility study and engineering	$ 5,797	$ 2,671	$ 5,892
Field management and other	811	940	1,791
Drilling	—	197	4,976
Metallurgical	2,209	844	4,506
Geologists and field staff	110	67	886
Total	$ 8,927	$ 4,719	$ 18,051

11. INCOME TAXES

Domestic and foreign components of loss before income taxes for the years ended June 30, 2017, 2016 and 2015 are as follows:

	For the year ended June 30, 2017	2016	2015
Canada	$ 4,897	$ 4,542	$ 7,365
United States	9,733	6,866	18,505
Total	$ 14,630	$ 11,408	$ 25,870

Major components of income tax benefit for the year ended June 30, 2017, 2016 and 2015 are as follows:

	For the year ended June 30, 2017	2016	2015
Current taxes	$ —	$ —	$ —
Deferred taxes:			
Canada	—	—	—
United States	—	—	(2,755)
Total deferred tax benefit	—	—	(2,755)
Total income tax benefit	$ —	$ —	$ (2,755)

The following table is a reconciliation of income taxes at statutory rates with the reported taxes:

	For the year ended June 30, 2017	2016	2015
Loss before income taxes	$ 14,630	$ 11,408	$ 25,870
Combined federal and provincial statutory income tax rate	26%	26%	26%
Income tax recovery at statutory tax rates	3,804	2,966	6,726
Foreign rate differential	1,218	893	2,405
Warrant expense	(66)	(399)	—
Share based compensation	(383)	(270)	(651)
Change in estimates related to prior years	(471)	(635)	—
Change in valuation allowance	(4,028)	(2,169)	(5,725)
Other	(74)	(386)	—
Income tax benefit	$ —	$ —	$ 2,755

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

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's net deferred tax asset balance as of June 30, 2016 has been revised to reflect the appropriate jurisdictional tax rate applied to Canadian temporary differences. On a consolidated basis, there was no impact on the Company's income tax provision for the years ended June 30, 2016 and the net deferred tax balance as of June 30, 2016 has not changed due to a full valuation allowance, however, the net deferred tax assets before valuation allowance as of June 30, 2016 decreased by $1,783. The significant components of deferred taxes are as follows:

	As of June 30,	
	2017	2016
Deferred tax assets		
Mineral interest	$ 10,232	6,555
Net operating losses available for future periods	4,230	3,951
Other	216	144
Total deferred tax assets	14,678	10,650
Valuation allowance	(14,678)	(10,650)
Net deferred tax assets	$ —	$ —

The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that all of the assets will not be realized. The valuation allowance of $14,678 at June 30, 2017 relates mainly to net operating loss carryforwards in Canada and mineral interest due to deferred exploration expenditures in the United States, where the utilization of such attributes is not more likely than not. During the year ended June 30, 2015, the Company recognized $2,755 of deferred tax benefit which was generated during the year to offset existing deferred tax liabilities associated with the acquisition of the Elk Creek mineral interest.

The Company had cumulative net operating losses of $15,865 as of June 30, 2017 (2016 - $13,625) for federal income tax purposes and these carryforwards will expire between 2026 and 2037.

The Company had no unrecognized tax benefits as of June 30, 2017 or 2016. The Company recognizes interest accrued related to unrecognized tax benefits and penalties in its income tax provision. The Company has not recognized any interest or penalties in the fiscal years presented in these financial statements. The Company is subject to income tax in the U.S. federal jurisdiction and Canada. Certain years remain subject to examination but there are currently no ongoing exams in any taxing jurisdictions.

12. 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.

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

The following table presents information about the assets and liabilities that are measured at fair value on a recurring basis as at June 30, 2017 and 2016, and indicates 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 included situations where there is little, if any, market activity for the instrument:

	As of June 30, 2017			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 238	$ 238	$ —	$ —
Restricted cash	$ 265	265	—	—
Available for sale securities	23	23	—	—
Total	$ 526	$ 526	$ —	$ —
Liabilities:				
Convertible debt	$ 3,465	$ —	$ —	$ 3,465
Derivative liability, convertible debt	82	—	—	82
	$ 3,547	$ —	$ —	$ 3,547

	As of June 30, 2016			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 4,412	$ 4,412	$ —	$ —
Available for sale securities	32	32	—	—
Total	$ 4,444	$ 4,444	$ —	$ —
Liabilities:				
Convertible debt	$ 5,991	$ —	$ —	$ 5,991
Derivative liability, convertible debt	330	—	—	330
	$ 6,321	$ —	$ —	$ 6,321

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 were initially prepared by a third party and 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.

The significant unobservable valuation inputs for the Convertible Debt includes an expected return of 51.06%. A 15% decrease (increase) in the expected return would result in an increase (decrease) to fair value of $94, or approximately 2%.

The derivative liability was valued using a Black-Scholes pricing model with the following inputs:

	2017	2016
Risk-free interest rate	1.25%	1.25%
Expected dividend yield	0%	0%
Expected stock price volatility	51.14%	88.63%
Expected option life in years	1.25	2.25

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:

	As of June 30, 2017	2016
Beginning balance	$ 6,321	$ —
Convertible securities closings	1,000	4,860
Conversions to equity	(4,103)	(638)
Realized and unrealized losses	329	2,099
Ending balance	$ 3,547	$ 6,321

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

13. COMMITMENTS AND CONTINGENCIES

Other Exploration Properties
The Company held an option to acquire a 100% interest in certain claim units located in the Kenora Mining Division, Ontario, referred to as the Tait Lake property, and had previously written the exploration asset down to $nil. In April 2015, the Company sold the Tait Lake option for a cash payment of $9.

The Company, through its wholly-owned subsidiary, Northeast Minerals, held exploration rights for the Jungle Well and Laverton projects in Australia (the “Exploration Rights”). On July 2, 2015, the Company entered into an agreement to sell its investment in Northeast Minerals to a third party. Assets of Northeast Minerals included the Explorations Rights, with a nil book value, and 3,750,000 shares of Victory Mines Limited (“Victory”), an Australian public entity. The book value of the Victory shares was written down to one dollar at June 30, 2015, to reflect the estimated market value. No other gain or loss was incurred related to the sale of Northeast Minerals.

NioCorp has the following land, office, facility and equipment lease commitments in place as of June 30, 2017:

		Payments due by period			
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Debt	$ 5,012	$ 2,956	$ 2,056	$ —	$ —
Operating leases	137	75	63	—	—
Total contractual obligations	$ 5,149	$ 3,031	$ 2,119	$ —	$ —

14. SUBSEQUENT EVENTS

On July 26, 2017, the Company closed a brokered private placement (the “July 2017 Private Placement”) of units (the “Units”) of the Company. Under the July 2017 Private Placement, a total of 2,962,500 Units were issued at C$0.65 per Unit, for total gross proceeds to the Company of approximately C$1,926. Each Unit issued pursuant to the July 2017 Private Placement consists of one Common Share and Warrant. Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of C$0.79 until July 26, 2021.

The July 2017 Private Placement was led by Mackie Research Capital Corporation (the “Agent”). The Company paid the Agent an aggregate cash commission of approximately C$125, equal to six and a half per cent (6.5%) of the gross proceeds raised under the July 2017 Private Placement. The Company also issued to the Agent 192,562 broker warrants (the “Broker Warrants”), equal to six and a half per cent (6.5%) of the Units sold pursuant to the July 2017 Private Placement. Each Broker Warrant entitles the holder thereof to purchase one Common Share at a price of C$0.79 until July 26, 2021.

Proceeds of the Private Placement will be used for general working capital purposes and to continue to advance the Company’s Elk Creek Superalloy Materials Project.

On August 4, 2017, Lind provided notice to the Company of its election to advance an additional $1.0 million in funding under the Initial Convertible Security pursuant to its right under the Lind Agreement (the “Convertible Security Increase”). As a result, upon payment of the additional $1.0 million in funding by Lind to the Company, the face amount of the Initial Convertible Security will be increased by $1.2 million ($1.0 million in additional funding and $200,000 in implied interest amount). On August 15, 2017, in connection with the Convertible Security Increase, the Company issued 260,483 Common Share purchase warrants of the Company to Lind, with each Common Share purchase warrant entitling the holder to acquire one Common Share at a price of C$0.73 per share until August 15, 2020.