CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30 2017 AND THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016

(EXPRESSED IN CANADIAN DOLLARS)

Noront Resources Ltd.
Condensed Consolidated Interim Statement of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	Note	As at September 30, 2017	As at December 31, 2016
Assets			
Current Assets			
Cash and cash equivalents	4	$ 8,345,453	$ 11,480,077
Taxes and other receivables		105,534	129,760
Supplies inventory		122,879	226,878
Prepaid expenses		124,205	104,634
Total Current Assets		$ 8,698,071	$ 11,941,349
Non-Current Assets			
Equipment	5	1,289,019	1,614,692
Mineral properties	6	25,418,065	25,418,065
Investments		240,600	240,600
Total Non-Current Assets		$ 26,947,684	$ 27,273,357
Total Assets		$ 35,645,755	$ 39,214,706
Liabilities and Shareholders' Deficit			
Current Liabilities			
Accounts payable and accrued liabilities	7	$ 1,277,117	$ 1,397,458
Loan Facility - due to Resource Capital Funds V L.P.	8a	17,966,162	17,174,433
Repayment option	8c	1,095,666	2,144,371
Flow-through share liability		745,272	813,267
Total Current Liabilities		21,084,217	21,529,529
Non-Current Liabilities			
Provision for environmental obligations	9	1,617,596	1,662,031
Loan Facility - due to Franco-Nevada Corporation	8b	30,233,140	28,750,976
Total Non-Current Liabilities		$ 31,850,736	$ 30,413,007
Total Liabilities		$ 52,934,953	$ 51,942,536
Shareholders' Deficit			
Capital stock	10b	$ 199,525,034	$ 194,758,699
Warrants		2,205,734	2,334,489
Contributed surplus		36,144,405	35,343,243
Deficit		(255,164,371)	(245,164,261)
Total Shareholders' Deficit		$ (17,289,198)	$ (12,727,830)
Total Shareholders' Deficit and Liabilities		$ 35,645,755	$ 39,214,706

Nature of Business and Going Concern (Note 1)
Commitments and Contingencies (Note 12)
Subsequent events (Note 15)

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

Noront Resources Ltd.
Condensed Consolidated Interim Statement of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian dollars)
(Unaudited)

	Note	Three Months Ended **September 30, 2017**	Three Months Ended September 30, 2016	Nine Months Ended **September 30, 2017**	Nine Months Ended September 30, 2016
Expenses					
Development and exploration expenditures	**14a**	**$ 1,743,465**	$ 1,823,606	**$ 4,894,721**	$ 4,800,366
Office and general	**14b**	**721,708**	674,459	**2,475,177**	1,850,207
Amortization		**84,240**	102,948	**252,719**	292,643
Share-based compensation	**10c**,**e**	**135,502**	120,961	**854,092**	619,546
Loss before finance and other items		**$ (2,684,915)**	$ (2,721,974)	**$ (8,476,709)**	$ (7,562,762)
Interest income		**9,062**	6,754	**31,906**	19,413
Finance expense		**(1,050,801)**	(1,048,482)	**(3,163,641)**	(3,162,146)
Flow-through share premium		**239,786**	257,049	**807,115**	688,171
Gain on sale of mineral property		**100,000**	-	**100,000**	-
Loss on loan extinguishment	**8a(i)**	**-**	-	**-**	(3,339,427)
Gain on sale of royalty		**-**	-	**-**	2,057,046
Accretion expense		**(1,309,814)**	(1,102,649)	**(3,815,941)**	(2,136,802)
Re-measurement of repayment option	**8c**	**3,112,165**	3,234,417	**1,048,705**	5,396,673
Re-measurement of embedded derivative		**-**	-	**-**	(133,972)
Foreign exchange gain		**1,871,864**	(632,632)	**3,468,455**	2,327,607
Other		**-**	-	**-**	22,500
Net income (loss) and comprehensive income (loss)		**$ 287,347**	$ (2,007,517)	**$ (10,000,110)**	$ (5,823,699)
Earnings (Loss) per share - basic	**11**	**$ -**	$ (0.01)	**$ (0.03)**	$ (0.02)
Earnings (Loss) per share - diluted	**11**	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.02)

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

Noront Resources Ltd.
Condensed Consolidated Interim Statement of Changes in Shareholders' Deficit
(Expressed in Canadian dollars, unless otherwise indicated)
(Unaudited)

	Common Shares	Capital Stock	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2015	**255,857,623**	**$ 176,756,027**	**$ 62,859**	**$ 34,616,275**	**$ (235,184,096)**	**$ (23,748,935)**
Issue of shares	51,964,763	14,466,779	-	-	-	14,466,779
Flow-through share premium	-	(974,219)	-	-	-	(974,219)
Exercise of options	841,666	239,677	-	(86,542)	-	153,135
Issue of interest shares	5,020,561	1,669,150	-	-	-	1,669,150
Issue of warrants	-	-	2,271,630	-	-	2,271,630
Share-based compensation	-	-	-	619,546	-	619,546
Net loss for the period	-	-	-	-	(5,823,699)	(5,823,699)
Balance, September 30, 2016	**313,684,613**	**$ 192,157,414**	**$ 2,334,489**	**$ 35,149,279**	**$ (241,007,795)**	**$ (11,366,613)**

	Common Shares	Capital Stock	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2016	**324,392,693**	**$ 194,758,699**	**$ 2,334,489**	**$ 35,343,243**	**$ (245,164,261)**	**$ (12,727,830)**
Issue of shares	9,456,381	2,838,077	-	-	-	2,838,077
Exercise of options	1,400,000	461,000	-	(159,000)	-	302,000
Exercise of warrants	729,359	273,678	(22,685)	-	-	250,993
Expiry of warrants	-	-	(106,070)	106,070	-	-
Issue of interest shares (Note 8,10)	4,422,322	1,193,580	-	-	-	1,193,580
Share-based compensation (Note 10c,e)	-	-	-	854,092	-	854,092
Net loss for the period	-	-	-	-	(10,000,110)	(10,000,110)
Balance, September 30, 2017	**340,400,755**	**$ 199,525,034**	**$ 2,205,734**	**$ 36,144,405**	**$ (255,164,371)**	**$ (17,289,198)**

Noront Resources Ltd.
Condensed Consolidated Interim Statement of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Note	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Operating activities			
Net loss for the period		**$ (10,000,110)**	$ (5,823,699)
Amortization		**252,719**	292,643
Share-based compensation	**10c,e**	**854,092**	619,546
Accretion expense		**3,815,941**	2,136,802
Flow-Through share premium		**(807,115)**	(688,171)
Issuance of interest shares		**1,193,580**	1,687,337
Re-measurement of repayment option		**(1,048,705)**	(5,396,673)
Re-measurement of embedded derivative		**-**	133,972
Accrued interest on long term debt	**8b**	**1,959,597**	1,850,325
Loss on loan extinguishment		**-**	2,919,571
Gain on sale of mineral property		**(100,000)**	-
Gain on sale of royalty		**-**	(2,057,046)
Unrealized foreign exchange gain		**(3,472,376)**	(2,288,538)
Net change in non-cash working capital:			
Taxes and other receivables		**74,226**	136,983
Supplies inventory		**103,999**	(170,173)
Prepaid expenses		**(19,571)**	54,139
Accounts payable and accrued liabilities		**(120,341)**	(375,713)
Flow-Through proceeds on sale of tax benefits		**739,120**	974,209
Net cash used in operating activities		**$ (6,574,944)**	$ (5,994,486)
Investing activities			
Acquisition of mineral properties including transaction costs		**-**	(558,311)
Proceeds on sale of mineral properties		**50,000**	-
Proceeds on sale of royalties, net of costs		**-**	621,099
Net cash provided by investing activities		**$ 50,000**	$ 62,788
Financing activities			
Proceeds from exercise of options		**302,000**	168,511
Proceeds from exercise of warrants		**250,994**	-
Loan facility, net of costs	**8a(ii)**	**-**	(254,518)
Long term loan, net of costs		**-**	(22,778)
Prospectus equity issuance, net of costs and sale of tax benefits		**-**	12,381,569
Private placement, net of costs and sale of tax benefits		**2,838,077**	2,268,027
Settlement of embedded derivative		**-**	(408,720)
Finance lease		**-**	(1,990)
Net cash provided by financing activities		**$ 3,391,071**	$ 14,130,101
Change in cash and cash equivalents		**$ (3,133,873)**	$ 8,198,403
Effect of foreign exchange rates on cash and cash equivalents		**(751)**	(22,329)
Cash and cash equivalents, beginning of period		**11,480,077**	3,099,297
Cash and cash equivalents, end of period		**$ 8,345,453**	$ 11,275,371

NORONT

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

1. Nature of Business and Going Concern

Noront Resources Ltd. (the "Company" or "Noront") is a resource Company listed on tier 1 of the TSX Venture Exchange ("TSX-V") involved in the exploration, development and acquisition of properties prospective in base and precious metals, including: nickel, copper, platinum group metals, precious metals, chromite, and vanadium. The Company's assets consist of its flagship Eagle's Nest nickel-copper-platinum-palladium deposit, deposits of high grade chromite (Blackbird; BlackThor) and copper-zinc volcanic massive sulphide (VMS) deposits which are part of the Company's McFauld's Lake Project. The assets are located primarily in the area known as the Ring of Fire ("ROF") in the James Bay Lowlands, Ontario. Eagle's Nest is the Company's most advanced mining project in the ROF and is the first of several mineral discoveries that have been made since 2007. The address of Noront's head office is 110 Yonge Street, Suite 400, Toronto, ON, Canada, M5C 1T4.

The Company is a development stage entity that does not generate operating revenues and has limited financial resources. The Company is subject to risks and challenges similar to companies in a comparable stage of development. These risks include the availability of capital and risks inherent in the mining industry related to development, exploration and operations as well as global economic and commodity price volatility. The underlying value of the Company's mineral properties and the recoverability of the related capitalized costs are entirely dependent on the Company's ability either to obtain the necessary permits to operate and secure the required financing to complete development of and establish future profitable production from its mineral assets, or the proceeds from the disposition of its mineral properties.

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (IASB) on a going concern basis, which assumes the Company will be able to meet its obligations and continue its operations for the next twelve months from September 30, 2017. At September 30, 2017, the Company had not yet achieved profitable operations, had an accumulated deficit of $255.2 million since inception (December 31, 2016 – $245.2 million), expects to incur further losses in the development of its business, and had a net working capital deficit of $10.5 million as a result of the $18.0 million convertible loan facility. Net working capital includes all current assets and current liabilities, excluding the non-cash repayment option of $1.1 million and the flow-through share liability of $0.7 million. Subsequent to September 30, 2017, the Company negotiated an extension on the terms of its convertible loan facility. The maturity date has been extended to June 30, 2018 with all terms and conditions remaining the same. The Company also has a flow-through commitment to spend $3.7 million on Canadian Exploration Expenditures by December 31, 2018. The Company will need to raise funds, negotiate a further extension of the terms of its convertible loan facility, or the holder has to convert the loan to equity as the Company does not have the cash nor the cash flow to repay the facility.

The Company's ability to continue as a going concern is dependent upon its ability to repay or refinance its long term debt facilities and obtain the necessary financing to meet its ongoing corporate overhead expenditures as well as advance the exploration of its claims and development of its projects in the Ring of Fire. Although the Company has been successful in the past in refinancing its debt and obtaining financing, there is no assurance that it will be able to do so in the future or that such arrangements will be on terms advantageous to the Company. These material uncertainties cast significant doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Preparation

These condensed consolidated interim financial statements are prepared in accordance with IFRS, including International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the IASB. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS and include information necessary or useful to understanding the Company's business and financial statement presentation.

The condensed consolidated interim financial statements have been prepared using the same accounting policies, methods of computation and presentation as were applied in the annual financial statements for the year ended December 31, 2016. These condensed consolidated interim financial statements were approved by the Audit Committee on behalf of the Board of Directors on November 14, 2017.

3. Significant Accounting Policies

a) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, investments, accounts payable and accrued liabilities, loan facilities and the related repayment option.

The Company has classified its cash and cash equivalents as loans and receivables which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short-term nature.

Investments in publicly traded companies, which do not trade in an active market, are designated as available-for-sale and are recorded in the condensed consolidated interim statement of financial position at fair value. Fair value is based on the market values of comparable companies, if such information is readily available, or by reference to recent transactions involving assets held by a comparable Company with adjustments for differences in mineral resources for the assets.

The three levels of fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
Level 3 - Inputs for assets or liabilities that are not based on observable market data

The repayment option is measured at fair value and classified as Level 2 (Note 8c).

Investments are classified as Level 3.

Financial liabilities classified as other financial liabilities are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities and the loan facilities are classified as other financial liabilities. Other financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date. The carrying value of the Company's accounts payable and accrued liabilities and loan facility with RCF approximates the fair values of those financial instruments, due to the short-term maturity of such instruments. The carrying value of the Company's loan facility with Franco-Nevada Corporation, exclusive of transaction costs, approximates fair value as there has not been a significant change in circumstances since this facility was recorded at fair value on initial recognition.

***b)* New and Amended Standards Adopted by the Company**

The following standard was effective and implemented as of January 1, 2017. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting the new standard.

Disclosure Initiative - Amendments to IAS 7 Statement of Cash Flows

The Company has adopted the amendments to IAS 7 Statement of Cash Flows, in its financial statements for the annual period beginning on January 1, 2017. On first application, the Company is not required to provide comparative information in respect of preceding periods.

The amendment requires disclosure of changes in financial liabilities and financial assets arising from financing activities. These are liabilities and assets for which cash flows were, or future cash flows will be, classified in the statement of cash flows from financing activities. The adopted standard has no material impact as the Company had previously disclosed the changes of its financial liabilities.

(Expressed in Canadian dollars, unless otherwise noted)

New Accounting Standards Issued But Not Yet Applied

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement.

The Company is currently assessing the impact of IFRS 9 on the consolidated financial statements. Based on its assessment to date, the Company continues to expect that the new guidance will not have a significant impact on the classification and measurement of its financial assets. The Company continues to assess the impact on its financial liabilities, including its loan facilities, and expects that there may be a change in its accounting for past modifications of its loan facilities that remain outstanding as at the date of transition. The Company is evaluating the magnitude of any resulting change and any impact on the balance of financial liabilities and deficit at transition.

The Company will complete its assessment of IFRS 9 during the fourth quarter of 2017 and will adopt the standard on the required effective date of January 1, 2018.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:	**September 30, 2017**	December 31, 2016
Cash deposits	**$ 8,245,404**	$ 11,376,173
Guaranteed investment certificate	**100,049**	103,904
	$ 8,345,453	$ 11,480,077

(Expressed in Canadian dollars, unless otherwise noted)

5. Equipment

September 30, 2017	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 4,588,498	$ 115,027	$ 200,287	$ 4,903,812
Accumulated Amortization	(3,328,019)	(101,012)	(185,762)	(3,614,793)
Closing Net Book Value	$ 1,260,479	$ 14,015	$ 14,525	$ 1,289,019
Opening Net Book Value	$ 1,581,115	$ 16,489	$ 17,088	$ 1,614,692
Re-measurement of provision[1]	(72,954)	-	-	(72,954)
Amortization	(247,682)	(2,474)	(2,563)	(252,719)
Closing Net Book Value	$ 1,260,479	$ 14,015	$ 14,525	$ 1,289,019

December 31, 2016	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 4,675,842	$ 115,027	$ 200,287	$ 4,991,156
Accumulated Amortization	(3,094,727)	(98,538)	(183,199)	(3,376,464)
Closing Net Book Value	$ 1,581,115	$ 16,489	$ 17,088	$ 1,614,692
Opening Net Book Value	$ 1,797,652	$ 20,611	$ 21,360	$ 1,839,623
Additions	234,509	-	-	234,509
Remeasurement of provision[1]	(68,050)	-	-	(68,050)
Amortization	(382,996)	(4,122)	(4,272)	(391,390)
Closing Net Book Value	$ 1,581,115	$ 16,489	$ 17,088	$ 1,614,692

[1]A re-measurement of the asset retirement obligation for the McFauld's Lake and Butler Lake properties was recognized due to a change in the discount rate used to calculate the obligations as further described in Note 9.

(Expressed in Canadian dollars, unless otherwise noted)

6. Mineral Properties

		September 30, 2017	December 31, 2016
(i)	McFauld's Lake Property - "Ring of Fire", James Bay Lowlands, Northeastern Ontario		
	Opening balance	**$ 24,654,708**	$ 26,092,812
	Sale of 1% NSR royalty to RCF	**-**	(1,438,104)
		24,654,708	24,654,708
(ii)	Butler and Sanderson Properties - "Ring of Fire", James Bay Lowlands, Northeastern Ontario		
	Opening balance	**763,357**	-
	Acquisition of mineral assets	**-**	750,000
	Acquisition costs	**-**	13,357
		763,357	763,357
		$ 25,418,065	$ 25,418,065

(i) Big Daddy, Black Thor, Black Label and Other Properties

On April 28, 2015, the Company acquired mineral properties including the Black Thor, Big Daddy and Black Label chromite deposits, the McFauld's Lake volcanic massive sulphide (VMS) deposits and other various claims for USD$27.3 million (CAD$32.9 million). The value of the royalties granted against these properties reduced the amount capitalized.

The Company has granted the following royalties to Franco-Nevada Corporation ("Franco-Nevada"):

a) 2% Gross Smelter Royalty (GSR) on all of the Company's chromite properties, except for Black Thor for which there is a 3% GSR and the Big Daddy deposit which is not subject to a royalty.
b) 2% NSR over all other minerals of the Company's properties, excluding the Company's Eagle's Nest deposit and its McFauld's Lake VMS deposit.

McFauld's Lake

Eagle's Nest, nickel, copper, platinum group element (PGE) Deposit

Condor/Greenstone retains a 1% Net Smelter Royalty (NSR) on the Eagle's Nest nickel, copper, PGM deposit which may be purchased by the Company at any time upon payment of the sum of $500,000 and/or at the Company's option, issuance of an equivalent number of common shares of the Company.

In addition, on January 14, 2016 the Company closed the sale of a 1% NSR over the Eagle's Nest deposit to RCF for a sum of US$2.5 million. The agreement contains a buy back provision whereby Noront can repurchase 50% of the royalty for US$3.1 million for a period of 30 months from closing. The sale of the royalty was recorded as a reduction in the carrying value of mineral property to the extent of previously capitalized acquisition costs for the Eagle's Nest deposit ($1.4 million) and the remaining proceeds, net of transaction costs, were recorded as a gain on sale of royalty as reflected in the statement of loss in the amount of $2.1 million.

(ii) Butler and Sanderson Properties

On August 24, 2016 the Company issued common shares with a value of $750,000 to MacDonald Mines Ltd. ("MacDonald") for a 75% interest in its Ring of Fire properties including its flagship Butler and Sanderson Properties. MacDonald will have a 25% carried interest until the issuance of a NI 43-101 compliant resource on one of the properties,

(Expressed in Canadian dollars, unless otherwise noted)

6. Mineral Properties (Continued)

(ii) Butler and Sanderson Properties (Continued)

at which time MacDonald will have the option to convert the carried interest into a 1% NSR (the Conversion Right). If MacDonald does not elect to exercise its conversion right, the Company can elect to buy back MacDonalds 25% interest for $3 million (the Buy-back Right), payable in cash or shares at the option of the Company. If neither the Conversion Right nor Buy-back Right are exercised, a Joint Venture arrangement will be formed between the parties to develop the properties. There is a 2% NSR over six claims which comprise part of the Butler Property held by third parties.

7. Accounts Payable and Accrued Liabilities

		September 30, 2017	December 31, 2016
Accounts payable		**$ 457,918**	$ 395,735
Accrued liabilities		**445,039**	598,493
Accrued interest payable	**8(a)(ii)**	**374,160**	403,230
		$ 1,277,117	$ 1,397,458

8. Loan Facilities

	September 30, 2017	December 31, 2016
Current portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	**$ 17,966,162**	**$ 17,174,433**
Repayment option (c)	**1,095,666**	**2,144,371**
	19,061,828	**19,318,804**
Long term portion of loan facilities		
Long term loan (b)	**30,233,140**	**28,750,976**
Total Loan Facilities	**$ 49,294,968**	**$ 48,069,780**

a) Loan Facility with Related Party - Resource Capital Funds V L.P.

(i) On February 26, 2013, the Company entered into a loan facility with Resource Capital Funds V L.P. (“RCF” or "the Lender"), which as of September 30, 2017 owns approximately 19.06% of the Company's common shares, in the aggregate principal amount of US$15.0 million (the “Facility”). The Facility was a one year bridge loan (the ”Bridge Loan”) which matured on February 25, 2014. Since the Facility was not repaid prior to the Bridge Loan maturity date, it automatically rolled into a convertible loan (the “Convertible Loan”) with a maturity date of December 31, 2015 which was then extended to June 30, 2016.

On June 30, 2016 the Company entered into an amending agreement with the Lender to extend the terms of the the Convertible Loan. The Convertible Loan was extended to December 31, 2017. The Convertible Loan may be converted into common shares of the Company at the option of RCF at a price of $0.34 per share (previously $0.45 per share) at any time prior to December 31, 2017 (the “Conversion Rights”). An extension fee of 2% of the principal amount of the Convertible Loan was paid to RCF in common shares of the Company with such shares valued using the volume weighted average trading price for the twenty days prior to June 30, 2016 (the "Extension Fee Shares"). All other terms and conditions of the Convertible Loan remain the same.

On October 4, 2017, the Company entered into a third amended agreement with the Lender to extend the terms of the Convertible Loan to June 30, 2018. All other terms and conditions of the Convertible Loan remain the same. The Convertible Loan is carried at amortized cost using the effective interest rate method.

(Expressed in Canadian dollars, unless otherwise noted)

8. Loan Facilities (Continued)

a) Loan Facility with Related Party - Resource Capital Funds V L.P. (Continued)

Original Loan Facility	**September 30, 2017**	December 31, 2016
Balance, beginning of period	**$ -**	**$ 20,760,001**
Foreign exchange gain	**-**	**(1,384,500)**
Extinguishment of loan	**-**	**(19,375,501)**
Balance, end of period	**$ -**	**$ -**

Amended loan facility	**September 30, 2017**	December 31, 2016
Beginning balance	**17,174,433**	**$ 15,337,322**
Foreign exchange (gain) loss	**(1,281,443)**	**652,340**
Accretion of loan facility	**2,073,172**	**1,184,771**
Balance, end of period	**$ 17,966,162**	**$ 17,174,433**

(ii) On January 13, 2017, the Company satisfied the payment of interest of $403,230 for the fourth quarter of 2016 through issuance of 1,636,383 common shares of the Company. The Interest Shares were subject to a four month hold period, which expired on May 14, 2017.

On April 10, 2017, the Company satisfied the payment of interest of $400,230 for the first quarter of 2017 through issuance of 1,682,346 common shares of the Company. The Interest Shares were subject to a four month hold period, which expired on August 11, 2017.

On July 13, 2017, the Company satisfied the payment of interest of $390,120 for the second quarter of 2017 through issuance of 1,103,593 common shares of the Company. The Interest Shares are subject to a four month hold period, which will expire on November 14, 2017.

As at September 30, 2017, the Company accrued interest in the amount of $374,160 for the third quarter of 2017. On October 11, 2017, the Company satisfied the payment of interest of $374,160 for the third quarter of 2017 through issuance of 1,160,906 common shares of the Company. The Interest Shares are subject to a four month hold period which will expire on February 12, 2018.

(Expressed in Canadian dollars, unless otherwise noted)

b) Loan Facility - Due to Franco-Nevada Corporation

On April 28, 2015, Noront Muketei Minerals Ltd, a 100% owned subsidiary of the Company, entered into a Loan Agreement with Franco-Nevada in order to fund the acquisition of a subsidiary of Cliffs Natural Resources which held chromite deposits and other mining interests in the Ring of Fire (the “Cliffs Transaction”). The Franco-Nevada Loan is a US$25 million five year loan with interest compounding quarterly at an annual interest rate of 7%. Interest is accrued on a quarterly basis and presented as part of the Long Term Loan. Payment of both principal and accrued interest is due at the end of the five year term. The loan is secured against the assets acquired in the Cliffs transaction with limited recourse to the parent company. At initial recognition, the Long Term Loan was recorded at fair value less transaction costs at a value of $19.7 million. Subsequent to initial recognition, the Long Term Loan is carried at amortized cost using the effective interest rate of 19.83%. In connection with the Long Term Loan, the Company granted Franco-Nevada certain royalties over the mineral properties acquired through the Cliffs Transaction (see Note 6 - Mineral Properties).

	September 30, 2017	December 31, 2016
Balance, beginning of period	**$ 28,750,976**	**$ 24,842,032**
Foreign exchange gain	**(2,191,682)**	**(680,549)**
Accrued loan interest	**1,959,597**	**2,494,491**
Accretion of loan facility	**1,714,249**	**2,095,002**
Balance, end of period	**$ 30,233,140**	**$ 28,750,976**

c) Repayment Option

The Company's convertible debt agreement contains an embedded derivative related to the Lender's convertible feature "Repayment Option"). The fair value assigned to the convertible feature is valued with the main inputs to the valuation being the USD discount curve, the credit spread of the Company, the historical prices of the Company's underlying stock in order to calculate the volatility, and the forward CAD/USD foreign exchange rates.

At September 30, 2017, the fair value attributed to the convertible feature was $1,095,666 (December 31, 2016 - $2,144,371).

9. Provision for Environmental Obligations

McFauld's Lake and Butler Lake

The Company has established a provision of $1,429,752 and $187,845 representing the estimated present value of its future environmental expenditure for the reclamation of the Company's McFauld's Lake Camp and Butler Lake Camp respectively. These costs are not expected to be incurred within the next twelve months.

The provision is based upon the following estimates and assumptions:
a) Total undiscounted future demobilization cost is $1,780,483 for McFaulds Lake (December 31, 2016 - $1,787,655) and $233,933 for Butler Lake(December 31, 2016 - $238,346) .
b) Nominal risk-free pre-tax discount rate of 2.40% (December 31, 2016 - 2.21%)
c) Inflation rate of 1.58% (December 31, 2016 - 1.77%)
d) Demobilization cost expected to be incurred in 10 years (December 31, 2016 - 10 years)

A summary of the changes in the site remediation provision is set out below:

	September 30, 2017	December 31, 2016
Balance, beginning of period	**$ 1,662,031**	$ 1,491,868
Butler Lake provision addition	**-**	204,357
Accretion expense for the period	**28,519**	33,856
Re-measurement of provision	**(72,954)**	(68,050)
Balance, end of period	**$ 1,617,596**	$ 1,662,031

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock

(a) Authorized - Unlimited common shares without par value.

(b) Issued

	Number of Shares	Value
Balance, January 1, 2016	255,857,623	$ 176,756,027
Prospectus offering, net of costs	41,213,930	13,026,224
Private placement, net of costs	16,328,833	5,131,832
Flow-through share premium	-	(1,439,203)
Warrant allocation	-	(2,278,625)
Issue of shares	3,798,666	1,245,289
Issue of interest shares	6,351,975	2,063,530
Exercise of options	841,666	253,625
Balance, December 31, 2016	324,392,693	$ 194,758,699
Issue of interest shares (Note 8(a))	4,422,322	1,193,580
Exercise of warrants	729,359	273,678
Issuance of flow-through shares	9,456,381	2,838,077
Exercise of options	1,400,000	461,000
Balance, September 30, 2017	**340,400,755**	$ 199,525,034

On September 15, 2017 the Company announced the closing of a private placement of 9,239,000 flow-through shares at a price of $0.40 per flow-through share for gross proceeds of $3,695,600. The flow-through shares are subject to a statutory hold period of four months plus one day which will expire on January 16, 2018.

In connection with the offering, the agents received a cash finder's fee equal to 5% of the gross proceeds up to $2.5 million and a finder's fee paid in shares, of 6% of the gross proceeds in excess of $2.5 million. 217,381 common shares were issued at a price of $0.33 per common share in satisfaction of the share component of the finder's fee. The common shares are subject to a statutory hold period of four months plus one day which will expire on January 16, 2018.

(Expressed in Canadian dollars, unless otherwise noted)

10 Capital Stock (continued)

(c) Stock Options

Under the provisions of the Company's 2007 Incentive Stock Option Plan, an aggregate maximum of 10% of the issued and outstanding common shares may be issued for granting of options to directors, senior officers, full time employees of the Company, affiliates or subsidiaries, or any consultants to the Company. The terms of the awards under the Plan are determined by the Board of Directors.

For the three and nine months ended September 30, 2017, share-based compensation of $87,601 and $710,201 was charged to net income for the three and nine months ended (September 30, 2016 - $98,098 and $497,165) .

(i) On February 24, 2017, the Company granted 5,003,417 incentive stock options to directors and employees of the Company at an exercise price of $0.25. The share price on February 24, 2017 was $0.25.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	69.06%
Risk free interest rate	0.72%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $710,485.

(ii) On April 7, 2017, the Company granted 600,000 incentive stock options to directors of the Company at an exercise price of $0.23. The share price on April 7, 2017 was $0.23.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	68.82%
Risk free interest rate	0.76%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $78,000.

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock (continued)

(c) Stock Options

(iii) On June 7, 2017, the Company granted 600,000 incentive stock options to directors of the Company at an exercise price of $0.35. The share price on June 7, 2017 was $0.35.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	70.52%
Risk free interest rate	0.71%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $121,200.

The weighted-average remaining contractual life and weighted average exercise price of options outstanding and options exercisable as at September 30, 2017 are as follows:

Number of Stock Options Outstanding	Black-Scholes Value	Exercise Price	Remaining Contractual Life (Years)	Number of Stock Options Exercisable	Expiry Date
1,216,667	164,250	$ 0.25	0.78	1,216,667	Jul 2018
1,500,000	202,500	$ 0.25	0.78	1,500,000	Jul 2018
3,000,000	450,000	$ 0.30	1.01	3,000,000	Oct 2018
1,271,667	108,092	$ 0.17	1.20	1,271,667	Dec 2018
400,000	34,000	$ 0.17	1.20	400,000	Dec 2018
925,000	285,825	$ 0.55	2.50	925,000	Mar 2020
1,500,000	367,500	$ 0.44	2.72	1,500,000	Jun 2020
300,000	59,100	$ 0.35	2.91	300,000	Aug 2020
1,608,333	313,625	$ 0.34	3.48	1,072,222	Mar 2021
400,000	76,000	$ 0.33	3.54	266,667	Apr 2021
416,253	74,509	$ 0.31	3.77	416,253	Jul 2021
4,403,417	625,285	$ 0.25	4.41	2,826,289	Feb 2022
600,000	78,000	$ 0.23	4.52	200,000	Apr 2022
600,000	121,200	$ 0.35	4.69	200,000	Jun 2022
18,141,337	**$ 2,959,886**	**$ 0.31**	**2.64**	**15,094,765**	

The following table summarizes the stock option transactions for the nine months ended September 30, 2017.

	Number of Options	**Weighted-Average Exercise Price**
December 31, 2016	**16,904,587**	$0.32
Granted	**6,203,417**	$0.26
Exercised	**(1,400,000)**	$0.22
Expired	**(2,866,667)**	$0.37
Forfeited	**(700,000)**	$0.29
Balance, September 30, 2017	**18,141,337**	$0.31

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock (Continued)

(d) Warrants

The following table lists the Company's warrants as at September 30, 2017. During the three and nine months ended September 30, 2017, there were no warrants issued.

	Number of Warrants	**Weighted-Average Exercise Price**
At December 31, 2016		
Prospectus and Private Placement Warrants	42,877,949	$ 0.45
Compensation Warrants	2,828,407	$ 0.38
Balance, December 31, 2016	**45,706,356**	$ 0.44
Exercise of Warrants	(729,359)	$ 0.34
Expiry of Warrants	(2,964,719)	$ 0.41
Balance, September 30, 2017	**42,012,278**	$ 0.45

(e) Performance Share Units (PSUs) and Restricted Share Units (RSUs)

For the three and nine months ended September 30, 2017, share-based compensation of $47,901 and $143,891 was charged to net income for PSUs and RSUs (for the three and nine months ended September 30, 2016 - $22,863 and $122,381) .

The following tables list the Company's PSUs and RSUs as at September 30, 2017. During the three and nine months ended September 30, 2017, no PSUs or RSUs expired.

Performance Share Units	Number of PSUs	Fair Value
At September 30, 2017 and December 31, 2016	**3,000,000**	**$ 455,095**

Restricted Share Units	Number of RSUs	Fair Value
At December 31, 2016	335,000	$ 77,050
Issued February 24, 2017	665,000	166,250
At September 30, 2017	**1,000,000**	**$ 243,300**

(e) Performance Share Units (PSUs) and Restricted Share Units (RSUs) (Continued)

On February 24, 2017, 665,000 Restricted Share Units ("RSUs") were granted to senior officers of the Company. The share price on February 24, 2017 was $0.25. The RSUs were assigned a value of $166,250.

(Expressed in Canadian dollars, unless otherwise noted)

11. Earnings (Loss) Per Share

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Income (Loss) attributable to common shareholders	**$ 287,347**	$ (2,007,517)	**$ (10,000,110)**	$ (5,823,699)
Weighted average shares outstanding - basic	**331,802,198**	286,778,813	**328,520,728**	275,770,991
Earnings (Loss) per share - basic	**$ -**	$ (0.01)	**$ (0.03)**	$ (0.02)
Income (Loss) attributable to common shareholders	**$ 287,347**	$ (2,007,517)	**$ (10,000,110)**	$ (5,823,699)
Adjustment for:				
Re-measurement of repayment option	**(3,112,165)**	-	**-**	-
Interest expense on convertible debt	**374,160**	-	**-**	-
Accretion expense on convertible debt	**733,834**	-	-	-
Foreign exchange gain on convertible debt	**(712,071)**	-	-	-
Income (Loss) used to determine diluted earnings (loss) per share	**$ (2,428,895)**	$ (2,007,517)	**$ (10,000,110)**	$ (5,823,699)
Weighted average shares outstanding - basic	**331,802,198**	286,778,813	**328,520,728**	275,770,991
Adjustment for:				
Assumed conversion of convertible debt	**57,251,471**	-	$ -	-
Stock options	**3,031,872**	-	-	-
Weighted average shares outstanding - diluted	**392,085,541**	286,778,813	**328,520,728**	275,770,991
Earnings (Loss) per share - diluted	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.02)

As a result of the net loss for the nine months ended September 30, 2017, the potential effects of the exercise of stock options and the conversion of the RCF loan facility were anti-dilutive. Thus, basic loss per share and diluted loss per share are equal for this period.

For the three month period ended September 30, 2017, 4,263,889 stock options were excluded from the calculation of diluted income per share due to exercise prices of the options being greater than the weighted average price of the common shares for the period.

(Expressed in Canadian dollars, unless otherwise noted)

12. Commitments and Contingencies

a) Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As at September 30, 2017, the Company is committed to incurring approximately $3.7 million in Canadian Exploration Expenditures by December 31, 2018.

b) Under the terms of leases including Noront's mining lease, office space, vehicles and equipment, the Company is obligated to minimum annual rent and lease payments of $257,159 in 2017, $219,893 in 2018 until 2022 , and $12,301 thereafter until the end of the mining lease in 2033.

c) As at September 30, 2017, the Company currently has agreements with several contractors that include provisions where the contractors provide up-front time with the understanding that if the Eagle's Nest Project proceeds into the construction stage, they will be granted a contract for the agreed scope of services. In some cases, the constructor may be reimbursed for the time incurred, or an amount agreed up front, if the Project does not go ahead. As at September 30, 2017, the amount of this contingent liability is approximately $250,000.

13. Compensation of Key Management

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Salaries, benefits and directors' fees	**$ 403,968**	$ 366,257	**$ 1,287,250**	$ 975,249
Share-based compensation	**132,216**	124,570	**837,265**	626,460
	$ 536,184	$ 490,827	**$ 2,124,515**	$ 1,601,709

Key management includes the 7 directors and 6 members of the executive management team. Three members of key management are allocated to Development and Exploration Expenditures under Owner's Costs and three members of key management and the directors are included in Office and General. Certain members of key management took a voluntary decrease in cash compensation from February to May 2016 and director's fees were suspended in Q4 2015 and reinstated in June 2016.

(Expressed in Canadian dollars, unless otherwise noted)

14. Supplementary Expense Information

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
a) Development and Exploration Expenditures				
Owner's costs	**$ 70,902**	$ 163,563	**$ 223,572**	$ 481,314
Camp operations & exploration expense	**1,490,108**	1,519,801	**4,300,651**	4,113,617
Community engagement & permitting	**57,890**	140,242	**151,933**	205,435
Engineering, road geotechnical & other	**124,565**	-	**218,565**	-
	$ 1,743,465	$ 1,823,606	**$ 4,894,721**	$ 4,800,366

Included in development and exploration expenditures expenses for the three and nine months ended September 30, 2017 is $513,432 and $1,737,783 of salaries and benefits (three and nine months ended September 30, 2016 - $634,607 and $1,820,557) and $140,811 and $448,038 of fuel expenses (three and nine months ended September 30, 2016 - $163,010 and $335,014).

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
b) Office and General:				
Salaries, benefits and directors' fees	**$ 429,911**	$ 341,223	**$ 1,311,961**	$ 850,757
Employee severance	**-**	-	**21,417**	-
Administrative and other expenses	**130,708**	173,146	**534,391**	539,825
Professional fees	**109,420**	89,028	**371,926**	256,401
Communications & travel	**51,669**	62,898	**235,482**	173,510
	$ 721,708	$ 674,459	**$ 2,475,177**	$ 1,850,207

15. Subsequent Events

On October 12 2017, the Company announced the closing of a private placement of 3,400,000 common shares at a price of $0.3675 per share with RCF, the Company's largest shareholer, for gross proceeds of $1.3 million. The Company intends to use the proceeds for the negotiation of a Pre-Development Agreement (PDA) for the Eagle's Nest mine with its First Nation partners.

On October 12 2017, the Company announced the entering into a third amending agreement with RCF to extend the term of its existing US$15 million convertible debenture. The maturity date of the convertible debenture was extended to June 30, 2018 (previously December 31, 2017) with all other terms and conditions remaining the same.