NORONT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2012 AND 2011

(EXPRESSED IN CANADIAN DOLLARS)

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

	Note	As at July 31, 2012	As at April 30, 2012
Assets			
Current Assets			
Cash and cash equivalents	**4**	**$ 10,816,759**	$ 5,066,944
Restricted cash		**385,046**	385,046
Marketable securities		**29,804**	60,987
Taxes and duties receivable	**5, 11c**	**440,303**	262,907
Supplies inventory		**315,538**	305,422
Prepaid expenses		**227,165**	336,070
Total Current Assets		**$ 12,214,615**	$ 6,417,376
Non-Current Assets			
Equipment	**6**	**2,120,325**	1,852,284
Intangible Assets		**83,388**	68,017
Mineral properties	**7**	**1,863,104**	1,863,104
Total Non-Current Assets		**$ 4,066,817**	$ 3,783,405
Total Assets		**$ 16,281,432**	$ 10,200,781
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	**9**	**$ 732,221**	$ 2,052,325
Provision for environmental expenditure		**516,480**	516,480
Total Current Liabilities		**1,248,701**	2,568,805
Non-current Liability			
Provision for environmental expenditure		**725,766**	704,775
Total Liabilities		**$ 1,974,467**	$ 3,273,580
Shareholders' Equity			
Capital stock	**8b**	**$ 167,847,657**	$ 156,663,209
Warrants	**8d**	**2,575,675**	2,575,675
Contributed surplus		**29,134,589**	28,755,355
Deficit		**(185,080,760)**	(180,928,025)
Accumulated other comprehensive loss		**(170,196)**	(139,013)
Total Shareholders' Equity		**$ 14,306,965**	$ 6,927,201
Total Shareholders' Equity and Liabilities		**$ 16,281,432**	$ 10,200,781

Going Concern (Note 1)
Commitments and Contingencies (Note 11)

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

Noront Resources Ltd.
Consolidated Interim Statements of Loss
(Expressed in Canadian dollars)
(Unaudited)

For the three months ended July 31,	Note	2012	2011
Expenses			
Exploration expenditures and mining studies	13a	$ 2,339,541	$ 5,779,213
Office and general	13b	1,282,176	1,282,411
Amortization		164,513	101,588
Share-based compensation	8c	379,234	607,094
Loss before finance items		$ (4,165,464)	$ (7,770,306)
Interest income		32,897	50,732
Gain on sale of marketable securities		823	-
Flow-through share premium		-	94,370
Accretion expense		(20,991)	(2,031)
Net loss		$ (4,152,735)	$ (7,627,235)
Loss per share - basic and fully diluted	10	$ (0.02)	$ (0.04)

Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

For the three months ended July 31,	2012	2011
Net loss	$ (4,152,735)	$ (7,627,235)
Other comprehensive loss		
Unrealized gain (loss) on marketable securities, net of taxes	(31,183)	-
Total comprehensive loss	$ (4,183,918)	$ (7,627,235)

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

	Common Shares	Capital Stock	Warrants and Broker Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, April 30, 2011	**184,141,974**	**$ 137,522,092**	**$ 1,570,455**	**$ 26,370,951**	**$ (152,175,746)**	**$ (169,497)**	**$ 13,118,255**
Issue of shares	20,234,967	16,242,608	-	-	-	-	16,242,608
Cost of issue - cash	-	(126,034)	-	-	-	-	(126,034)
Exercise of options	16,667	10,333	-	-	-	-	10,333
Fair value of options exercised	-	8,951	-	(8,951)	-	-	-
Warrants allocation	-	-	1,159,464	-	-	-	1,159,464
Share based compensation	-	-	-	607,094	-	-	607,094
Net loss for the period	-	-	-	-	(7,627,235)	-	(7,627,235)
Net change in unrealized losses on available-for-sale marketable securities, net of taxes	-	-	-	-	-	-	-
Balance, July 31, 2011	**204,393,608**	**$ 153,657,950**	**$ 2,729,919**	**$ 26,969,094**	**$ (159,802,981)**	**$ (169,497)**	**$ 23,384,485**

	Common Shares	Capital Stock	Warrants and Broker Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, April 30, 2012	**208,500,740**	**$ 156,663,209**	**$ 2,575,675**	**$ 28,755,355**	**$ (180,928,025)**	**$ (139,013)**	**$ 6,927,201**
Flow-through private Issue of shares (Note 8b)	21,796,920	11,334,399	-	-	-	-	11,334,399
Cost of issue - cash	-	(149,951)	-	-	-	-	(149,951)
Share based compensation (Note 8c)	-	-	-	379,234	-	-	379,234
Net loss for the period	-	-	-	-	(4,152,735)	-	(4,152,735)
Net change in unrealized gains on available-for-sale marketable securities, net of taxes	-	-	-	-	-	(31,183)	(31,183)
Balance, July 31, 2012	**230,297,660**	**$ 167,847,657**	**$ 2,575,675**	**$ 29,134,589**	**$ (185,080,760)**	**$ (170,196)**	**$ 14,306,965**

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

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

For the three months ended July 31,		2012	2011
Operating activities			
Net loss for the period		**$ (4,152,735)**	$ (7,627,235)
Amortization		**164,513**	101,588
Share-based compensation		**379,234**	607,094
Accretion of provision of environmental expenditure		**20,991**	2,399
Gain on sale of marketable securities		**(823)**	-
Flow-through share premium		**-**	(94,370)
Net change in non-cash working capital:			
Taxes and duties receivable		**(177,396)**	(139,320)
Prepaid expenses		**108,905**	(14,195)
Accounts payable and accrued liabilities		**(1,320,104)**	(365,100)
Supplies inventory		**(10,116)**	559,853
Net cash used in operating activities		**$ (4,987,531)**	$ (6,969,286)
Investing activities			
Acquisition of equipment		**(421,200)**	(61,041)
Acquisition of intangible assets		**(26,725)**	-
Proceeds on disposal of marketable securities		**823**	-
Net cash used in investing activities		**$ (447,102)**	$ (61,041)
Financing activities			
Issue of common shares and units, net of share issue costs	**8b**	**11,184,448**	17,286,371
Net cash provided by financing activities		**$ 11,184,448**	$ 17,286,371
Change in cash and cash equivalents		**$ 5,749,815**	$ 10,256,044
Cash and cash equivalents, beginning of period		**5,066,944**	8,888,928
Cash and cash equivalents, end of period		**$ 10,816,759**	$ 19,144,972

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, chromite, precious metals and vanadium. The Company's flagship asset is the Eagle's Nest nickel, copper, platinum, palladium and gold deposit, part of the Company's McFauld's Lake Project, in the Ring of Fire area ("ROF") that is located in the James Bay Lowlands, Ontario. Eagle's Nest is the Company's most advanced mineral discovery in the ROF, the first of five mineral discoveries the Company has made since August 2007. The address of Noront's head office is 105 Adelaide Street West, Suite 1100, Toronto, ON, Canada, M5H 1P9.

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 challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry and 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 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") applicable to a going concern, which assumes the Company will be able to continue to operate for the foreseeable future and contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the period ended July 31, 2012, the Company recorded a net loss of $4.2 million (July 31, 2011 – net loss of $7.6 million) and reported an accumulated deficit of $185.1 million (July 31, 2011 – $159.8 million).

The Company's sole source of funding has been the issuance of equity securities for cash. The Company's cash balance at July 31, 2012 is $10.8 million.

The majority of the Company's exploration and development efforts occur in the James Bay Lowlands, a remote region of Northern Ontario. Due to the lack of infrastructure in the area the Company relies on the winter season when the Company can take advantage of ice airstrips to cost effectively move bulk supplies into the project site. Depending on the planned program for the ensuing year and the level of supplies inventory at site, the Company's cash flow needs may be greater during this winter period. Over the next 12 months the Company plans to further the development of its Eagle's Nest project by 1) incurring expenditures towards obtaining all required permits; 2) drilling for condemnation and metallurgical sampling purposes; 3) incurring other mine project costs including ongoing project design and engineering costs; 4) incurring general corporate and operating expenses. The Company's ability to complete its plans is dependent on its ability to source additional financing. On an ongoing basis, the Company examines various financing alternatives to address future funding requirements and its planned activities for the ensuing year to ensure its cash on hand is adequate to enable it to continue as a going concern.

The Company has successfully raised financing to date to continue as a going concern, however, there can be no assurance that it will be able to do so in the foreseeable future. As a result, given these material uncertainties, there may be significant doubt regarding the going concern assumption and accordingly, the use ultimately 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, the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. Basis of Preparation

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These interim financial statements should be read in conjunction with Noront's most recently issued annual financial statements for the year ended April 30, 2012, which includes information necessary or useful to understanding the Company's business and financial statement presentation.

These condensed consolidated interim financial statements were approved by the Audit Committee on behalf of the Board of Directors on September 17, 2012.

(Expressed in Canadian dollars, unless otherwise noted)

3. Significant Accounting Policies

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the preparation of the Company's annual consolidated financial statements for the year ended April 30, 2012.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:	**July 31, 2012**	April 30, 2012
Cash deposits	**$ 533,841**	$ 599,360
Savings account and term deposits	**10,282,918**	4,467,584
	$ 10,816,759	$ 5,066,944

5. Taxes and Duties Receivable

Taxes and duties receivable consist of:	**July 31, 2012**	April 30, 2012
Recoverable Sales Taxes	**223,140**	203,143
Quebec Tax Credits (Note 11 (c))	**203,501**	-
Other receivables	**13,662**	59,764
	$ 440,303	$ 262,907

6. Equipment

July 31, 2012	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 2,869,324	$ 103,037	$ 159,026	$ 3,131,387
Accumulated Amortization	844,749	72,199	94,114	1,011,062
Closing Net Book Value	$ 2,024,575	$ 30,838	$ 64,912	$ 2,120,325
Opening Net Book Value	$ 1,715,964	$ 32,461	$ 103,859	$ 1,852,284
Additions	421,200	-	-	421,200
Amortization	(112,589)	(1,623)	(38,947)	(153,159)
Closing Net Book Value	$ 2,024,575	$ 30,838	$ 64,912	$ 2,120,325

April 30, 2012	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 2,448,124	$ 103,037	$ 159,026	$ 2,710,187
Accumulated Amortization	732,160	70,576	55,167	857,903
Closing Net Book Value	$ 1,715,964	$ 32,461	$ 103,859	$ 1,852,284
Opening Net Book Value	$ 1,379,274	$ 40,576	$ 129,824	$ 1,549,674
Additions	647,369	-	-	647,369
Amortization	(310,679)	(8,115)	(25,965)	(344,759)
Closing Net Book Value	$ 1,715,964	$ 32,461	$ 103,859	$ 1,852,284

(Expressed in Canadian dollars, unless otherwise noted)

7. Mineral Properties

The Company's projects consist of:

			July 31, 2012		April 30, 2012
(i)	McFauld's Lake Property - "Ring of Fire", James Bay Lowlands, Northeastern Ontario 100% interest subject to net smelter return ("NSR") of 1%	**$**	**1,438,104**	$	1,438,104
(ii)	Golden Valley Project, Ontario Option to earn up to 35% interest in the property located in the James Bay Lowlands owned by Golden Valley Mines Ltd.		**175,000**		175,000
(iii)	Garden Island, Quebec 50% interest in the Garden Island gold-base metal property located near Val d'Or, Quebec		**250,000**		250,000
		$	**1,863,104**	$	1,863,104

8. Capital Stock

(a) Authorized

Unlimited common shares without par value

(b) Issued

	Number of Shares		Value
Balance, April 30, 2012	208,500,740	$	156,663,209
Issue of shares (i)	21,796,920		11,334,399
Share issue costs	-		(149,951)
Balance, July 31, 2012	**230,297,660**	**$**	**167,847,657**

(i) On May 10, 2012 the Company completed a private placement with Resource Capital Fund V L.P. ("RCF"), pursuant to which RCF subscribed for 19,230,769 common shares in the capital of the Company (the "Common Shares") at a purchase price of $0.52 per Common Share, representing gross proceeds to the Company of approximately $10 million.

On May 25, 2012, the Company completed a private placement with Baosteel Resources International Co. Ltd. ("Baosteel"), pursuant to which Baosteel has exercised its right to maintain its 9.9% interest in the Company. Baosteel acquired an additional 2,566,151 Common Shares at a purchase price of $0.52, representing gross proceeds to the Company of approximately $1.33 million.

(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 months ended July 31, 2012, stock based compensation of $379,234 (three months ended July 31, 2011 - $607,094) was charged to net loss.

(Expressed in Canadian dollars, unless otherwise noted)

8. Capital Stock (Continued)

(c) Stock Options (Continued)

(i) On July 17, 2012, the Company granted 2,500,000 incentive stock options to employees and directors of the Company at an exercise price of $0.46. The share price on July 17, 2012 was $0.46.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	93.56%
Risk free interest rate	1.14%
Expected life	5 years
Forfeiture rate	7%

The stock options were assigned a value of $820,000.

The weighted-average remaining contractual life and weighted average exercise price of options outstanding and options exercisable as at July 31, 2012 are as follows:

Number of Stock Options Outstanding	Black-Scholes Value	Exercise Price	Remaining Contractual Life (Years)	Number of Stock Options Exercisable	Expiry Date
225,000	776,250	$ 5.13	0.27	225,000	November 2012
50,000	153,500	$ 4.86	0.37	50,000	December 2012
590,000	1,952,900	$ 3.90	0.86	590,000	June 2013
1,900,000	1,189,400	$ 0.80	1.28	1,900,000	November 2013
2,500,000	1,342,500	$ 0.62	1.92	2,500,000	June 2014
300,000	733,200	$ 2.70	2.01	300,000	August 2014
100,000	194,400	$ 2.15	2.11	66,667	September 2014
1,100,000	1,809,500	$ 1.84	2.21	933,333	October 2014
390,000	710,580	$ 2.09	2.37	323,333	December 2014
250,000	251,000	$ 1.36	2.84	166,667	June 2015
180,000	130,392	$ 1.25	3.40	180,000	December 2015
3,350,000	2,279,340	$ 0.88	3.77	358,329	May 2016
300,000	179,400	$ 0.86	4.27	300,000	November 2016
200,000	108,800	$ 0.86	4.36	100,000	December 2016
100,000	41,900	$ 0.86	4.62	-	March 2017
2,500,000	820,000	$ 0.46	4.97	1,233,333	July 2017
14,035,000	**$ 12,673,062**	**$ 1.13**	**2.73**	**9,226,662**	

The fair value of unvested options as at July 31, 2012 is $2,675,933.

The following table summarizes the stock option transactions for the three months ended July 31, 2012:

	Number of Options	**Weighted-Average Exercise Price**
April 30, 2012	**11,551,668**	$1.27
Granted	**2,500,000**	$0.46
Exercised	**-**	$ -
Forfeited	**(16,668)**	$(0.62)
Balance, July 31, 2012	**14,035,000**	$1.13

(Expressed in Canadian dollars, unless otherwise noted)

8. Capital Stock (Continued)

(d) Warrants

A summary of the status of the Company's warrants as of July 31, 2012, and changes during the period are as follows:

	Number of Warrants	Weighted Average Exercise price	Fair Value
At April 30, 2012 and July 31, 2012	10,839,633	$ 1.35	$ 2,575,675

9. Related Party Transactions

The Company engaged Penguin Automated Systems ("Penguin") after completing an independent tendering process, under the direction of Micon International, Lead Consultant for certain technical studies. The Company's Chief Operating Officer has a 38.5% ownership interest in Penguin. Professional fees paid to Penguin for the three months ended July 31, 2012, were $55,553 (three months ended July 31, 2011 - $130,617) and the amount payable to Penguin as at July 31, 2012 is $20,000 (April 30, 2012 - $392,292).

The above noted transaction is in the normal course of business or normal commercial terms and conditions, as agreed by the parties.

10. Loss Per Share

For the three months ended July 31,	**2012**	2011
Net loss attributable to common shareholders	**$ (4,152,735)**	$ (7,627,235)
Weighted average shares outstanding - basic and fully diluted	**227,510,035**	179,104,134
Loss per share - basic	**$ (0.02)**	$ (0.04)

As result of the net loss for the three months ended ended July 31, 2012 and 2011, the potential effect of the exercise of stock options and warrants was anti-dilutive. Thus, basic loss per share and diluted loss per share are equal for the periods presented.

11. Commitments and Contingencies

a) Under the terms of leases for office space, vehicles and equipment, the Company is obligated to minimum annual rent payments of $107,275 in fiscal 2013, $6,135 in fiscal 2014 and $2,045 in fiscal 2015.

b) The Company has secured a letter of credit in favour of the Quebec Government in the amount of $385,046, to cover a portion of the estimated cost of work under a corresponding site remediation plan submitted thereto.

c) In May 2012, the Company received a Notice of Assessment from the Government of Quebec relating to their audit of the Quebec income tax returns filed for the 2008 and 2009 fiscal year ends. Per the assessment, the Company is required to remit taxes totaling $895,748 relating to tax credits for exploration expenditures which were previously refunded by the Government of Quebec. The Company has reviewed the expenditures with its tax advisor and has included a provision of approximately $250,000 in the current financial statements which represents management's estimate of the obligation. The Company has filed a Notice of Objection related to the assessment and paid 50% of the taxes, as required. The net amount of the tax payment and provision is included in taxes and duties receivable.

(Expressed in Canadian dollars, unless otherwise noted)

12. Compensation of Key Management

For the three months ended July 31,		2012		2011
Salaries, employee benefits and directors' fees	**$**	**341,029**	$	631,029
Share-based compensation		**325,120**		514,412
	$	**666,149**	$	1,145,441

Key management includes the 7 directors and 5 members of the executive management team.

13. Supplementary Expense Information

a)

For the three months ended July 31,		2012		2011
Exploration Expenditures and Mining Studies				
Camp operations	**$**	**890,733**	$	1,383,686
Drilling		**29,673**		2,937,406
Technical studies		**664,776**		728,468
Environmental studies and consultation		**698,067**		690,325
Other		**56,292**		39,328
	$	**2,339,541**	$	5,779,213

Included in exploration expenditures and mining studies expense is $177,502 of salaries and benefits (three months ended July 31, 2011 - $320,442), $150,323 of supplies inventory (three months ended 2011 - $560,735) and $163,800 (three months ended July 31, 2012 - $NIL) of certain assets related to the purchase of the camp operations at the McFauld's Lake Property.

b)

For the three months ended July 31,		2012		2011
Office and General:				
Salaries, benefits and directors' fees	**$**	**555,060**	$	755,057
Donations & sponsorships		**63,271**		27,060
Administrative and other expenses		**212,011**		161,422
Professional fees		**231,673**		183,578
Communications & travel		**220,161**		155,294
	$	**1,282,176**	$	1,282,411

14. Comparative Figures

Certain comparative figures in the notes to financial statements have been reclassified to conform with classifications used in the most recent annual financial statements.