NORONT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED OCTOBER 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 October 31, 2012	As at April 30, 2012
Assets			
Current Assets			
Cash and cash equivalents		**$ 5,755,106**	$ 5,066,944
Restricted cash		**385,046**	385,046
Marketable securities		**15,061**	60,987
Taxes and duties receivable	**4**	**137,825**	262,907
Supplies inventory		**283,734**	305,422
Prepaid expenses		**185,120**	336,070
Total Current Assets		**$ 6,761,892**	$ 6,417,376
Non-Current Assets			
Equipment		**1,988,406**	1,852,284
Intangible Assets		**84,644**	68,017
Mineral properties	**5**	**1,688,104**	1,863,104
Total Non-Current Assets		**$ 3,761,154**	$ 3,783,405
Total Assets		**$ 10,523,046**	$ 10,200,781
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	**7**	**$ 1,821,838**	$ 2,052,325
Provision for environmental expenditure		**516,480**	516,480
Total Current Liabilities		**2,338,318**	2,568,805
Non-current Liability			
Provision for environmental expenditure		**720,141**	704,775
Total Liabilities		**$ 3,058,459**	$ 3,273,580
Shareholders' Equity			
Capital stock	**6b**	**$ 167,847,637**	$ 156,663,209
Warrants	**6d**	**2,575,675**	2,575,675
Contributed surplus		**29,464,050**	28,755,355
Deficit		**(192,237,836)**	(180,928,025)
Accumulated other comprehensive loss		**(184,939)**	(139,013)
Total Shareholders' Equity		**$ 7,464,587**	$ 6,927,201
Total Shareholders' Equity and Liabilities		**$ 10,523,046**	$ 10,200,781

Going Concern (Note 1)
Commitments and Contingencies (Note 9)

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

	Note	Three Months Ended October 31, 2012	Three Months Ended October 31, 2011	Six Months Ended October 31, 2012	Six Months Ended October 31, 2011
Expenses					
Mining studies and exploration expenditures	**11a**	**$ 5,163,582**	$ 6,337,049	$ 7,503,122	$ 12,116,262
Office and general	**11b**	**1,352,870**	1,148,044	2,635,046	2,430,455
Amortization		**165,002**	101,588	329,515	203,176
Share-based compensation	**6c**	**329,461**	578,934	708,695	1,186,028
Write off of mineral property	**5a**	**175,000**	-	175,000	-
Loss before finance items		**$ (7,185,915)**	$ (8,165,615)	$ (11,351,378)	$ (15,935,921)
Interest income		**23,213**	53,308	56,110	104,040
Gain on sale of marketable securities		**-**	-	823	-
Flow-through share premium		**-**	-	-	94,370
Accretion expense		**5,625**	(2,753)	(15,366)	(4,784)
Net loss		**$ (7,157,077)**	$ (8,115,060)	$ (11,309,811)	$ (15,742,295)
Loss per share - basic and fully diluted	**8**	**$ (0.03)**	$ (0.04)	$ (0.05)	$ (0.08)

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

	Three Months Ended October 31, 2012	Three Months Ended October 31, 2011	Six Months Ended October 31, 2012	Six Months Ended October 31, 2011
Net loss	**$ (7,157,077)**	$ (8,115,060)	**$ (11,309,811)**	$ (15,742,295)
Other comprehensive loss				
Unrealized loss on marketable securities, net of taxes	**(14,743)**	(13,045)	**(45,926)**	60,704
Total comprehensive loss	**$ (7,171,820)**	$ (8,128,105)	**$ (11,355,737)**	$ (15,681,591)

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	-	-	-	1,186,028	-	-	1,186,028
Net loss for the period	-	-	-	-	(15,742,295)	-	(15,742,295)
Net change in unrealized losses on available-for-sale marketable securities, net of taxes	-	-	-	-	-	60,704	60,704
Balance, October 31, 2011	**204,393,608**	**$ 153,657,950**	**$ 2,729,919**	**$ 27,548,028**	**$ (167,918,041)**	**$ (108,793)**	**$ 15,909,063**

	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 6b)	21,796,920	11,334,399	-	-	-	-	11,334,399
Cost of issue - cash	-	(149,971)	-	-	-	-	(149,971)
Share based compensation (Note 6c)	-	-	-	708,695	-	-	708,695
Net loss for the period	-	-	-	-	(11,309,811)	-	(11,309,811)
Net change in unrealized gains on available-for-sale marketable securities, net of taxes	-	-	-	-	-	(45,926)	(45,926)
Balance, October 31, 2012	**230,297,660**	**$ 167,847,637**	**$ 2,575,675**	**$ 29,464,050**	**$ (192,237,836)**	**$ (184,939)**	**$ 7,464,587**

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 six months ended October 31,		**2012**	2011
Operating activities			
Net loss for the period		**$ (11,309,811)**	$ (15,742,295)
Amortization		**329,515**	203,176
Share-based compensation		**708,695**	1,186,028
Accretion of provision of environmental expenditure		**15,366**	4,784
Write off of mineral property		**175,000**	-
Gain on sale of marketable securities		**(823)**	-
Flow-through share premium		**-**	(94,370)
Net change in non-cash working capital:			
Taxes and duties receivable		**125,082**	301,151
Prepaid expenses		**150,950**	(214,026)
Accounts payable and accrued liabilities		**(230,487)**	297,426
Supplies inventory		**21,688**	867,312
Net cash used in operating activities		**$ (10,014,825)**	$ (13,190,814)
Investing activities			
Mineral properties		**-**	(7,905)
Acquisition of equipment		**(442,440)**	(61,041)
Acquisition of intangible assets		**(39,824)**	-
Proceeds on disposal of marketable securities		**823**	-
Net cash used in investing activities		**$ (481,441)**	$ (68,946)
Financing activities			
Issue of common shares and units, net of share issue costs	**6b**	**11,184,428**	17,286,371
Net cash provided by financing activities		**$ 11,184,428**	$ 17,286,371
Change in cash and cash equivalents		**$ 688,162**	$ 4,026,611
Cash and cash equivalents, beginning of period		**5,066,944**	8,888,928
Cash and cash equivalents, end of period		**$ 5,755,106**	$ 12,915,539

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, 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 six month period ended October 31, 2012, the Company recorded a net loss of $11.3 million (October 31, 2011 – net loss of $15.7 million) and reported an accumulated deficit of $192.2 million (October 31, 2011 – $167.9 million).

The Company's sole source of funding has been the issuance of equity securities for cash. The Company's cash balance at October 31, 2012 is $5.8 million and working capital at October 31, 2012 is $4.4 million..

The Company's primary project is located in the James Bay Lowlands, a remote region of Northern Ontario. During the winter season the Company can take advantage of ice airstrips to cost effectively move bulk supplies into the project site if needed. 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 the 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 December 19, 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. Taxes and Duties Receivable

Taxes and duties receivable consist of:	**October 31, 2012**	April 30, 2012
Recoverable Sales Taxes	**$ 122,872**	$ 203,143
Other receivables	**14,953**	59,764
	$ 137,825	$ 262,907

5. Mineral Properties

The Company's projects consist of:

		October 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 (a)	**-**	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
		$ 1,688,104	$ 1,863,104

(a) Under the terms of the Golden Valley option agreement, the Company had exploration expenditure commitments to be made by October 10, 2012. The Company decided to not incur these exploration expenditures and as a result, the option agreement was terminated. The Company does not retain any interest or rights in regard to the property, therefore the acquisition cost of $175,000 has been written off.

6. 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	-	(149,971)
Balance, October 31, 2012	**230,297,660**	**$ 167,847,637**

(Expressed in Canadian dollars, unless otherwise noted)

6. Capital Stock (Continued)

(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 and six months ended October 31, 2012, stock based compensation of $329,461 and $708,695 (three and six months ended October 31, 2011 - $578,934 and $1,186,028) was charged to net loss.

(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.

(ii) On October 12, 2012, the Company granted 300,000 incentive stock options to employees and directors of the Company at an exercise price of $0.35. The share price on October 12, 2012 was $0.34.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	89.54%
Risk free interest rate	1.31%
Expected life	5 years
Forfeiture rate	7%

The stock options were assigned a value of $70,200.

(Expressed in Canadian dollars, unless otherwise noted)

6. Capital Stock (Continued)

(c) Stock Options (Continued)

The weighted-average remaining contractual life and weighted average exercise price of options outstanding and options exercisable as at October 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	0.02	225,000	November 2012
50,000	153,500	$ 4.86	0.12	50,000	December 2012
590,000	1,952,900	$ 3.90	0.61	590,000	June 2013
1,600,000	1,001,600	$ 0.80	1.03	1,600,000	November 2013
2,500,000	1,342,500	$ 0.62	1.67	2,500,000	June 2014
100,000	194,400	$ 2.15	1.86	100,000	September 2014
900,000	1,480,500	$ 1.84	1.96	900,000	October 2014
390,000	710,580	$ 2.09	2.12	323,333	December 2014
250,000	251,000	$ 1.36	2.59	166,667	June 2015
180,000	130,392	$ 1.25	3.15	180,000	December 2015
2,950,000	2,007,180	$ 0.88	3.52	1,516,667	May 2016
300,000	179,400	$ 0.86	4.01	300,000	November 2016
200,000	108,800	$ 0.86	4.10	100,000	December 2016
100,000	41,900	$ 0.86	4.37	16,667	March 2017
2,500,000	820,000	$ 0.46	4.72	1,233,333	July 2017
300,000	70,200	$ 0.35	4.95	300,000	October 2017
13,135,000	**$ 11,221,102**	**$ 1.08**	**2.76**	**10,101,667**	

The fair value of unvested options as at October 31, 2012 is $1,685,157.

The following table summarizes the stock option transactions for the six months ended October 31, 2012:

	Number of Options	Weighted-Average Exercise Price
April 30, 2012	**11,551,668**	$1.27
Granted	**2,800,000**	$0.46
Exercised	**-**	$ -
Forfeited	**(1,216,668)**	$(1.46)
Balance, October 31, 2012	**13,135,000**	$1.08

(d) Warrants

The following table lists the Company's warrants as at October 31, 2012. There were no changes during the three and six month period ended October 31, 2012.

	Number of Warrants	Weighted Average Exercise price	Fair Value
Issued December 11, 2009	722,150	$ 4.00	1,416,211
Issued June 2, 2011	10,117,483	$ 1.16	1,159,464
At April 30, 2012 and October 31, 2012	**10,839,633**	$ 1.35	**$ 2,575,675**

(Expressed in Canadian dollars, unless otherwise noted)

7. 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 and six months ended October 31, 2012 were $82,705 and $138,258. (three and six months ended October 31, 2011 - $156,225 and $356,446) and the amount payable to Penguin as at October 31, 2012 is $NIL (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.

8. Loss Per Share

	Three Months Ended October 31,		Six Months Ended October 31,	
	2012	2011	**2012**	2011
Net loss attributable to common shareholders	**$ (7,157,077)**	$ (8,115,060)	**$ (11,309,811)**	$ (15,742,295)
Weighted average shares outstanding - basic and fully diluted	**230,297,660**	204,393,608	**228,903,848**	200,763,514
Loss per share - basic	**$ (0.03)**	$ (0.04)	**$ (0.05)**	$ (0.08)

As result of the net loss for the three and six months ended October 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.

9. 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 $165,844 in fiscal 2013, $376,371 in fiscal 2014, $368,610 in fiscal 2015, $353,553 in fiscal 2016 and $353,055 in fiscal 2017 and $264,791 in fiscal 2018.

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.

10. Compensation of Key Management

	Three Months Ended October 31,		Six Months Ended October 31,	
	2012	2011	**2012**	2011
Salaries, benefits and directors' fees	**$ 419,075**	$ 437,300	**$ 760,104**	$ 984,579
Share-based compensation	**238,136**	487,092	**562,772**	1,004,078
	$ 657,211	$ 924,392	**$ 1,322,876**	$ 1,988,657

Key management includes the 7 directors and 6 members of the executive management team.

(Expressed in Canadian dollars, unless otherwise noted)

11. Supplementary Expense Information

a) Mining Studies and Exploration Expenditures

	Three Months Ended October 31, 2012	Three Months Ended October 31, 2011	Six Months Ended October 31, 2012	Six Months Ended October 31, 2011
Camp operations	**$ 617,815**	$ 1,401,082	**$ 1,527,672**	$ 2,743,739
Drilling	**1,989,245**	2,709,604	**2,018,493**	5,627,937
Geophysics	**-**	-	**-**	372,709
Technical studies	**451,882**	260,679	**1,116,658**	3,121,801
Environmental studies and consultation	**942,080**	1,603,537	**1,640,147**	221,308
Other	**1,162,560**	362,147	**1,200,152**	28,768
	$ 5,163,582	$ 6,337,049	**$ 7,503,122**	$ 12,116,262

Included in mining studies and exploration expenditures expenses for the three and six month period is $442,793 and $712,025 of salaries and benefits (three and six months ended October 31, 2011 - $557,481 and 908,118), and $355,330 and $517,113 of supplies inventory (three and six months ended 2011 - $491,328 and $1,052,063).
Included in other expense for the three and six month period is $650,225

Included in other costs is $650,225 for exploration expenditures incurred in fiscal years 2008 and 2009 which were previously refunded by the Government of Quebec as tax credits. The Company received a notice of assessment disallowing the inclusion of the underlying expenditures in the refundable tax credit calculation. The Company has accrued the full potential liability of $895,748 as a result.

b) Office and General:

	Three Months Ended October 31, 2012	Three Months Ended October 31, 2011	Six Months Ended October 31, 2012	Six Months Ended October 31, 2011
Salaries, benefits and directors' fees	**$ 476,858**	$ 540,559	**$ 1,031,918**	$ 1,295,616
Donations & sponsorships	**43,101**	33,748	**106,372**	60,808
Administrative and other expenses	**262,042**	258,323	**474,053**	419,745
Professional fees	**370,440**	131,474	**602,113**	315,052
Communications & travel	**200,429**	183,940	**420,590**	339,234
	$ 1,352,870	$ 1,148,044	**$ 2,635,046**	$ 2,430,455

12. Subsequent Event

Subsequent to the quarter end, the Company entered into a purchase and sale agreement with Maudore Minerals Ltd. (“Maudore”), pursuant to which Maudore has agreed to acquire Noront’s 25% interest in the Windfall Lake Project. The Windfall Lake Project is a joint venture between Noront and Eagle Hill Exploration Corporation (“Eagle Hill”). Eagle Hill has earned a 75% interest in the project and is the operator.

Maudore has agreed to pay a sum of CAD$10.0 million in cash plus three million warrants which entitle Noront to purchase common shares of Maudore at a price of $2.20 per common share (“the Warrants”) (collectively the “Purchase Price”) in exchange for Noront’s current 25% interest in the Windfall Lake Project. Maudore will also be required to pay to Noront, subject to certain conditions, an additional amount in the event that Maudore acquires, directly or indirectly, Eagle Hill’s 75% interest in the Windfall Lake Property (the “75% Interest”) equal to the difference (if any) between (i) one third of the purchase price paid by Maudore for the 75% Interest and (ii) $CAD $10.0 million. The additional payment will be satisfied by the issuance of Maudore common shares.

The Agreement is subject to certain conditions. In particular, Maudore’s obligation to purchase Noront’s 25% interest in the Windfall Lake Project is subject to the acquisition of the 75% Interest, or obtaining the consent of Eagle Hill as required by an option agreement dated July 20, 2009.

13. Comparative Figures

Certain comparative figures in Note 11 have been reclassified to conform with classifications used in the most recent annual financial statements.