



**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2013 AND 2012**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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

	Note	As at October 31, 2013	As at April 30, 2013
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	\$ 15,740,155	\$ 14,027,965
Restricted cash		385,046	385,046
Marketable securities		-	30,769
Taxes and other receivables	5	1,699,608	266,361
Supplies inventory		142,780	174,113
Prepaid expenses		115,521	110,037
<b>Total Current Assets</b>		<b>\$ 18,083,110</b>	<b>\$ 14,994,291</b>
<b>Non-Current Assets</b>			
Equipment	6	1,867,608	2,136,182
Intangible assets		59,133	63,140
Mineral property	7	1,438,104	1,438,104
<b>Total Non-Current Assets</b>		<b>\$ 3,364,845</b>	<b>\$ 3,637,426</b>
<b>Total Assets</b>		<b>\$ 21,447,955</b>	<b>\$ 18,631,717</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 1,265,907	\$ 1,400,583
Finance lease obligation		23,552	23,224
<b>Total Current Liabilities</b>		<b>1,289,459</b>	<b>1,423,807</b>
<b>Non-Current Liabilities</b>			
Provision for environmental expenditure	8	824,608	1,511,290
Loan facility	9a	14,577,219	14,004,258
Repayment options	9b	784,567	731,000
Finance lease obligation		30,385	42,243
<b>Total Non-Current Liabilities</b>		<b>\$ 16,216,779</b>	<b>\$ 16,288,791</b>
<b>Total Liabilities</b>		<b>\$ 17,506,238</b>	<b>\$ 17,712,598</b>
<b>Shareholders' Equity</b>			
Capital stock	10b	\$ 169,210,869	\$ 168,297,819
Warrants	10d	1,416,211	2,575,675
Contributed surplus		31,143,218	29,760,116
Deficit		(197,828,581)	(199,714,491)
<b>Total Shareholders' Equity</b>		<b>\$ 3,941,717</b>	<b>\$ 919,119</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>\$ 21,447,955</b>	<b>\$ 18,631,717</b>

**Commitments and Contingencies** (Note 13)



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

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

	Note	Three Months Ended October 31,		Six Months Ended October 31,	
		2013	2012	2013	2012
<b>Expenses</b>					
Development and exploration expenditures	15a	\$ 1,339,444	\$ 5,163,582	\$ 2,643,616	\$ 7,503,122
Office and general	15b	1,037,991	1,352,870	2,169,912	2,635,046
Amortization		121,213	165,002	241,686	329,515
Share-based compensation	10c	230,861	329,461	377,267	708,695
Write down of marketable securities		19,526	-	24,460	-
Write off of mineral property		-	175,000	-	175,000
Loss before finance items		\$ (2,749,035)	\$ (7,185,915)	\$ (5,456,941)	\$ (11,351,378)
Interest income		38,202	23,213	62,751	56,110
Interest expense		(386,587)	-	(781,050)	-
Gain on sale of marketable securities	7	1,039,531	-	1,036,009	823
Gain on sale of mineral property	7	7,144,153	-	7,144,153	-
Accretion recovery (expense)		(105,634)	5,625	(87,143)	(15,366)
Re-measurement of repayment options	9b	19,433	-	(53,567)	-
Foreign exchange loss		(158,462)	-	(131,931)	-
Recovery of deferred tax on expiry of warrants		-	-	153,629	-
<b>Net income (loss)</b>		<b>\$ 4,841,601</b>	<b>\$ (7,157,077)</b>	<b>\$ 1,885,910</b>	<b>\$ (11,309,811)</b>
<b>Income (loss) per share - basic and fully diluted</b>	12	<b>\$ 0.02</b>	<b>\$ (0.03)</b>	<b>\$ 0.01</b>	<b>\$ (0.05)</b>

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

		Three Months Ended October 31,		Six Months Ended October 31,	
		2013	2012	2013	2012
<b>Net Income (loss)</b>		<b>\$ 4,841,601</b>	<b>\$ (7,157,077)</b>	<b>\$ 1,885,910</b>	<b>\$ (11,309,811)</b>
<b>Other comprehensive loss</b>					
Unrealized loss on marketable securities, net of taxes		-	(14,743)	-	(45,926)
<b>Total comprehensive income (loss)</b>		<b>\$ 4,841,601</b>	<b>\$ (7,171,820)</b>	<b>\$ 1,885,910</b>	<b>\$ (11,355,737)</b>



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

Noront Resources Ltd.  
Consolidated Interim Statement 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
<b>Balance, April 30, 2012</b>	<b>208,500,740</b>	<b>\$ 156,663,209</b>	<b>\$ 2,575,675</b>	<b>\$ 28,755,355</b>	<b>\$ (180,928,025)</b>	<b>\$ (139,013)</b>	<b>\$ 6,927,201</b>
Issue of shares	21,796,920	11,334,399	-	-	-	-	11,334,399
Cost of issue - cash	-	(149,971)	-	-	-	-	(149,971)
Share-based compensation	-	-	-	708,695	-	-	708,695
Net loss for the period	-	-	-	-	(11,309,811)	-	(11,309,811)
Net change in unrealized losses on available-for-sale marketable securities, net of taxes	-	-	-	-	-	(45,926)	(45,926)
<b>Balance, October 31, 2012</b>	<b>230,297,660</b>	<b>\$ 167,847,637</b>	<b>\$ 2,575,675</b>	<b>\$ 29,464,050</b>	<b>\$ (192,237,836)</b>	<b>\$ (184,939)</b>	<b>\$ 7,464,587</b>
	Common Shares	Capital Stock	Warrants and Broker Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balance, April 30, 2013</b>	<b>231,750,555</b>	<b>\$ 168,297,819</b>	<b>\$ 2,575,675</b>	<b>\$ 29,760,116</b>	<b>\$ (199,714,491)</b>	<b>\$ -</b>	<b>\$ 919,119</b>
Issue of shares (Note 10b)	405,000	132,000	-	-	-	-	132,000
Expiry of warrants	-	-	(1,159,464)	1,005,835	-	-	(153,629)
Issuance of interest shares (Note 10b)	2,603,678	781,050	-	-	-	-	781,050
Share-based compensation	-	-	-	377,267	-	-	377,267
Net income for the period	-	-	-	-	1,885,910	-	1,885,910
Net change in unrealized gains on available-for-sale marketable	-	-	-	-	-	-	-
<b>Balance, October 31, 2013</b>	<b>234,759,233</b>	<b>\$ 169,210,869</b>	<b>\$ 1,416,211</b>	<b>\$ 31,143,218</b>	<b>\$ (197,828,581)</b>	<b>\$ -</b>	<b>\$ 3,941,717</b>



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

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

For the six months ended October 31,	Note	2013	2012
<b>Operating activities</b>			
Net income (loss) for the period		\$ 1,885,910	\$ (11,309,811)
Amortization		241,686	329,515
Share-based compensation	10c	377,267	708,695
Accretion recovery (expense)		87,143	15,366
Write off of mineral property		-	175,000
Write down of marketable securities		24,460	-
Issuance of interest shares		781,050	-
Re-measurement of repayment options		53,567	-
Consulting fee paid in shares		31,500	-
Gain on sale of marketable securities	7	(1,036,009)	(823)
Gain on sale of mineral property	7,8	(7,144,153)	-
Foreign exchange loss on loan facility		490,990	-
Recovery of deferred tax on expiry of warrants		(153,629)	-
Net change in non-cash working capital:			
Taxes and duties receivable		190,319	125,082
Prepaid expenses		(5,484)	150,950
Accounts payable and accrued liabilities		(134,676)	(230,487)
Supplies inventory		31,333	21,688
Finance lease		(11,530)	-
<b>Net cash used in operating activities</b>		<b>\$ (4,290,256)</b>	<b>\$ (10,014,825)</b>
<b>Investing activities</b>			
Proceeds on disposal of mineral property, net of transaction costs		4,728,502	-
Acquisition of equipment		(14,396)	(442,440)
Acquisition of intangible assets		(12,160)	(39,824)
Proceeds on disposal of marketable securities		1,200,000	823
<b>Net cash provided by (used in) investing activities</b>		<b>\$ 5,901,946</b>	<b>\$ (481,441)</b>
<b>Financing activities</b>			
Issuance of common shares	10b	100,500	11,184,428
<b>Net cash provided by financing activities</b>		<b>\$ 100,500</b>	<b>\$ 11,184,428</b>
<b>Change in cash and cash equivalents</b>		<b>\$ 1,712,190</b>	<b>\$ 688,162</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>14,027,965</b>	<b>5,066,944</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 15,740,155</b>	<b>\$ 5,755,106</b>



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

Noront Resources Ltd.  
Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars, unless otherwise noted)  
For the three and six months ended October 31, 2013 and 2012  
(Unaudited)

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**1. Nature of Business**

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 mining project in the ROF, the first of several mineral discoveries the Company has made since August 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 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 consolidated 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 months ended October 31, 2013, the Company recorded net income of \$1.9 million (October 31, 2012 – net loss of \$11.3 million) and reported an accumulated deficit of \$197.8 million (April 30, 2013 – \$199.7 million).

The Company is dependent on debt and issuance of equity securities for funding its development activities. The Company's cash balance at October 31, 2013 is \$15.7 million (April 30, 2013 – \$14.0 million) and working capital at October 31, 2013 is \$16.8 million (April 30, 2013 – \$13.6 million).

The Company's primary project is located in the James Bay Lowlands, a remote region of Northern Ontario. Over the current fiscal year, the Company plans to further the development of its Eagle's Nest project by incurring expenditures towards obtaining all required permits which includes completing the environmental assessment on the Eagle's Nest project, advancing infrastructure development and consulting with First Nation communities. The Company has raised sufficient resources to complete its plans for the current fiscal year. On an ongoing basis, the Company examines various financing alternatives to address future funding requirements.

**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 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, 2013, which includes information necessary or useful to understanding the Company's business and financial statement presentation.

These consolidated financial statements were approved by the Audit Committee on behalf of the Board of Directors on December 10, 2013.

**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, 2013.

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4. **Cash and Cash Equivalents**

Cash and cash equivalents consist of:	<b>October 31, 2013</b>	April 30, 2013
Cash deposits	<b>\$ 15,639,795</b>	\$ 13,927,776
Guaranteed investment certificate	<b>100,360</b>	100,189
	<b>\$ 15,740,155</b>	\$ 14,027,965

5. **Taxes and Other Receivables**

Taxes and other receivables consist of:	<b>October 31, 2013</b>	April 30, 2013
Recoverable sales taxes	<b>\$ 66,222</b>	\$ 76,884
Proceeds on sale of marketable security	<b>1,620,781</b>	-
Other receivables	<b>12,605</b>	189,477
	<b>\$ 1,699,608</b>	\$ 266,361

6. **Equipment**

<b>October 31, 2013</b>	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	\$ 3,208,937	\$ 115,027	\$ 200,287	\$ 3,524,251
Accumulated Amortization	(1,409,431)	(81,584)	(165,628)	(1,656,643)
Closing Net Book Value	\$ 1,799,506	\$ 33,443	\$ 34,659	\$ 1,867,608
Opening Net Book Value - May 1, 2013	\$ 2,060,513	\$ 37,159	\$ 38,510	\$ 2,136,182
Additions	14,396	-	-	14,396
Re-measurement of provision*	(57,452)	-	-	(57,452)
Amortization	(217,951)	(3,716)	(3,851)	(225,518)
Closing Net Book Value	\$ 1,799,506	\$ 33,443	\$ 34,659	\$ 1,867,608
<b>April 30, 2013</b>	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	\$ 3,251,993	\$ 115,027	\$ 200,287	\$ 3,567,307
Accumulated Amortization	(1,191,480)	(77,868)	(161,777)	(1,431,125)
Closing Net Book Value	\$ 2,060,513	\$ 37,159	\$ 38,510	\$ 2,136,182
Opening Net Book Value - May 1, 2012	\$ 1,715,964	\$ 32,461	\$ 103,859	\$ 1,852,284
Additions**	803,869	11,990	41,260	857,119
Amortization	(459,320)	(7,292)	(106,609)	(573,221)
Closing Net Book Value	\$ 2,060,513	\$ 37,159	\$ 38,510	\$ 2,136,182

\*A re-measurement of the equipment located at the McFauld's Lake property was recognized due to a change in the discount rate used to calculate the asset retirement obligation as further described in Note 8.

\*\*Included in additions for the year ended April 30, 2013 is \$284,966 relating to the asset retirement obligation of equipment located at the McFauld's Lake property.

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7. Mineral Property

October 31, 2013 April 30, 2013

(i) <u>McFauld's Lake Property - "Ring of Fire".</u> <u>James Bay Lowlands, Northeastern Ontario</u> 100% interest subject to net smelter return ("NSR") of 1%	\$ 1,438,104	\$ 1,438,104
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McFauld's Lake

Condor/Greenstone retains a 1% NSR 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.

Windfall Lake

On August 15, 2013, the Company closed the sale of its remaining 25% interest, all royalty interests, and all other associated rights in the Windfall Lake Project ("the Project") on the terms and conditions contained in a binding letter agreement (the "Letter Agreement") between the Company, Eagle Hill Exploration Corp. ("Eagle Hill") and Southern Arc Minerals Inc., entered into on June 28, 2013.

On closing and in accordance with the Letter Agreement, the Company received cash consideration of \$4,385,000 (\$5,000,000 less the \$615,000 non-refundable deposit previously received by the Company) and share consideration of 25 million freely tradable (subject only to such hold periods as are required under applicable Canadian securities laws) common shares of Eagle Hill. The Company has paid 5% of the cash and share consideration to a third party financial advisor in accordance with their advisory mandate.

Since the Project was written off in April 2009, the sale resulted in a gain of \$7,144,153 comprised of \$4,728,502 in cash proceeds, net of transaction costs, \$1,781,250 in the fair value of Eagle Hill common shares and \$634,401 by de-recognizing the liability for decommissioning the Project. During the quarter, the Company sold all of their remaining shares of Eagle Hill for a total of \$2,820,781, resulting in a gain on sale of marketable securities of \$1,039,531. As of October 31, 2013, \$1,200,000 in cash was received for the sale of marketable securities and \$1,620,781 was received subsequent to the quarter end.

8. Provision for Environmental Expenditure

McFauld's Lake

The Company has established a provision of \$824,608 representing the estimated present value of its future asset retirement obligation. None of these costs are expected to be incurred within the next twelve months.

The site remediation provision liability is based upon the following estimates and assumptions:

- a) Total undiscounted future demobilization cost is \$1,076,818 (2013 - \$1,078,936)
- b) Real risk-free pre-tax discount rate of 2.87% (2013 - \$2.17%)
- c) Asset Retirement Obligation expected to be realized in 10 years (2013 - 10 years)

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

	October 31, 2013	April 30, 2013
Balance, beginning of period	\$ 870,478	\$ 566,378
Accretion expense for the period	11,582	19,134
Re-measurement of provision	(57,452)	284,966
	<b>\$ 824,608</b>	<b>\$ 870,478</b>





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**8. Provision for Environmental Expenditure (Continued)**

Windfall Lake

On August 15, 2013, the Company closed the sale of its remaining 25% interest, all royalty interests, and all other associated rights in the Windfall Lake Project, and in accordance with the terms of sale, the purchaser has assumed the reclamation liability on the property. The Company has included the de-recognition of the liability with the gain on sale of the mineral property.

	<b>October 31, 2013</b>	April 30, 2013
Balance, beginning of period	\$ 640,813	\$ 654,877
Accretion for the period	(6,412)	(14,064)
De-recognition of decommissioning costs	(634,401)	-
	<b>\$ -</b>	<b>\$ 640,813</b>

**9. Convertible Debt Agreement**

- (i) On July 15, 2013, the Company satisfied the payment of interest of \$394,463 for the second quarter of 2013 by delivery of 1,438,205 common shares of the Company. The Interest Shares are subject to a four month hold period, expiring on November 18, 2013. The Company accrued interest in the amount of \$126,000 for July 2013.
- (ii) On October 15, 2013, the Company satisfied the payment of interest of \$386,587 for the third quarter of 2013 by delivery of 1,165,473 common shares of the Company. The Interest Shares are subject to a four month hold period, expiring on February 16, 2014. The Company accrued interest in the amount of \$130,000 for October 2013.

**a) Loan Facility**

**October 31, 2013**

Balance, beginning of period	\$ 14,004,258
Foreign exchange loss/(gain)	490,990
Accretion of loan facility	81,971
Balance, end of period	<b>\$ 14,577,219</b>

**b) Repayment Options**

At inception, the fair value attributed to the Repayment Options was \$582,955. This was subsequently remeasured to \$784,567 at October 31, 2013 (April 30, 2013 - \$731,000) with the related loss of \$53,567 for the six months ended October 31, 2013 being recognised in the statement of income/loss (October 31, 2012 - \$NIL). The Repayment Options are classified as Level 2 financial instruments as defined in the Company's April 30, 2013 financial statements.

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**10. Capital Stock**

(a) Authorized - Unlimited common shares without par value

(b) Issued

	Number of Shares	Value
Balance, April 30, 2013	231,750,555	\$ 168,297,819
Issue of shares (i)	70,000	31,500
Issue of interest shares (Note 9)	2,603,678	781,050
Private placement (ii)	335,000	100,500
<b>Balance, October 31, 2013</b>	<b>234,759,233</b>	<b>\$ 169,210,869</b>

(i) On June 19, 2013, the Company entered into an agreement with Cliveden Trading AG and issued 70,000 common shares at a price of \$0.45 per share in consideration for consultancy services.

(ii) On October 31, 2013, the Company completed a private placement with the Company's President and Chief Executive Officer, pursuant to which Mr. Coutts purchased 335,000 common shares in the capital of the Company (the "Common Shares") at a purchase price of \$0.30 per Common Share, representing gross proceeds to the Company of \$100,500. The Common Shares are subject to a four month plus one day hold period which will expire on March 1, 2014.

(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, 2013, stock based compensation of \$230,861 and \$377,267 was charged to net income (three and six months ended October 31, 2012 - \$329,461 and \$708,695).

(i) On July 9, 2013, the Company granted 4,850,000 incentive stock options to employees and directors of the Company at an exercise price of \$0.25. The share price on July 9, 2013 was \$0.25.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	64.36%
Risk free interest rate	1.17%
Expected life	5 years
Forfeiture rate	14%

The stock options were assigned a value of \$654,750.

(ii) On September 23, 2013, the Company granted 3,000,000 incentive stock options to an employee of the Company at an exercise price of \$0.30. The share price on September 23, 2013 was \$0.29.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	61.75%
Risk free interest rate	1.21%
Expected life	5 years
Forfeiture rate	12%

The stock options were assigned a value of \$450,000.

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**10. 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, 2013 are as follows:

Number of Stock Options Outstanding	Black-Scholes Value	Exercise Price	Remaining Contractual Life (Years)	Number of Stock Options Exercisable	Expiry Date
800,000	500,800	\$ 0.80	0.03	800,000	November 2013
2,450,000	1,315,650	\$ 0.62	0.67	2,450,000	June 2014
100,000	194,400	\$ 2.15	0.86	100,000	September 2014
700,000	1,151,500	\$ 1.84	0.96	700,000	October 2014
390,000	710,580	\$ 2.09	1.12	390,000	December 2014
250,000	251,000	\$ 1.36	1.59	250,000	June 2015
180,000	130,392	\$ 1.25	2.15	180,000	December 2015
2,383,333	1,621,620	\$ 0.88	2.52	1,855,555	May 2016
300,000	179,400	\$ 0.86	3.01	300,000	November 2016
200,000	108,800	\$ 0.86	3.10	200,000	December 2016
2,033,333	666,933	\$ 0.46	3.72	1,555,555	July 2017
300,000	70,200	\$ 0.35	3.95	300,000	October 2017
500,000	69,000	\$ 0.30	2.39	83,333	March 2016
300,000	51,900	\$ 0.30	4.39	300,000	March 2016
4,850,000	654,750	\$ 0.25	4.69	-	July 2018
3,000,000	450,000	\$ 0.30	4.92	1,000,000	October 2018
<b>18,736,666</b>	<b>\$ 8,126,925</b>	<b>\$ 0.59</b>	<b>3.20</b>	<b>10,464,443</b>	

The assigned value of unvested options as at October 31, 2013 is \$1,528,061.

The following table summarizes the stock option transactions for the six months ended October 31, 2013.

	Number of Options	Weighted-Average Exercise Price
April 30, 2013	<b>13,226,666</b>	\$0.95
Granted	<b>7,850,000</b>	\$0.27
Expired	<b>(590,000)</b>	\$(3.90)
Forfeited	<b>(1,750,000)</b>	\$(0.87)
Balance, October 31, 2013	<b>18,736,666</b>	\$0.59

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**10. Capital Stock (Continued)**

(d) Warrants

The following table lists the Company's warrants as at October 31, 2013. There were no changes during the three months ended October 31, 2013. During the six months ended October 31, 2013, 10,117,483 warrants expired.

	Number of Warrants	Weighted Average Exercise price	Fair Value	Expiry Date
Issued December 11, 2009	722,150	\$ 4.00	\$ 1,416,211	December 2014
Issued June 2, 2011	10,117,483	\$ 1.16	1,159,464	June 2013
At April 30, 2013	10,839,633	\$ 1.35	\$ 2,575,675	
Expired	(10,117,483)	1.16	(1,159,464)	
At October 31, 2013	<b>722,150</b>	<b>\$ 4.00</b>	<b>\$ 1,416,211</b>	

**11. 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, 2013 were \$NIL and \$NIL (three and six months ended October 31, 2012 - \$82,705 and \$138,258). The amount payable to Penguin as at October 31, 2013 is \$NIL (April 30, 2013 - \$NIL).

The Company's former interim CEO was remunerated through Coniston Investment Corp. ("Coniston") for the period January 2013 to the hiring date of the new CEO in September 2013. The Company's former interim CEO has a 100% ownership interest in Coniston. Amounts paid to Coniston for the three and six months ended October 31, 2013 were \$58,800 and \$125,000 (three and six months ended October 31, 2012 - \$NIL and \$NIL) and the amount payable to Coniston as at October 31, 2013 is \$NIL (April 30, 2013 - \$27,000).

The above noted transactions are in the normal course of business or normal commercial terms and conditions, as agreed by the parties and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

**12. Income (Loss) Per Share**

	Three Months Ended October 31,		Six Months Ended October 31,	
	2013	2012	2013	2012
Net income (loss) attributable to common shareholders	\$ 4,841,601	\$ (7,157,077)	\$ 1,885,910	\$ (11,309,811)
Weighted average shares outstanding - basic and fully diluted	233,593,760	230,297,660	232,831,147	228,903,848
Income (Loss) per share - basic	\$ 0.02	\$ (0.03)	\$ 0.01	\$ (0.05)

As result of the net loss for the three and six months ended October 31, 2013 and 2012, the potential effect of the exercise of stock options and warrants was anti-dilutive. Thus, basic income or loss per share and diluted income or loss per share are equal for the periods presented.

**13. 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 \$224,238 in fiscal 2014, \$413,398 in fiscal 2015, \$400,581 in fiscal 2016, \$399,094 in fiscal 2017 and \$299,320 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.



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**14. Compensation of Key Management**

	Three Months Ended October 31,		Six Months Ended October 31,	
	2013	2012	2013	2012
Salaries, benefits and directors' fees	\$ 364,249	\$ 419,075	\$ 739,139	\$ 760,104
Share-based compensation	108,979	238,136	244,020	562,772
	<b>\$ 473,228</b>	<b>\$ 657,211</b>	<b>\$ 983,159</b>	<b>\$ 1,322,876</b>

Key management includes the 7 directors and 6 members of the executive management team (six months ended October 31, 2012 - 7 directors and 6 members of the executive management team).

**15. Supplementary Expense Information**

	Three Months Ended October 31,		Six Months Ended October 31,	
	2013	2012	2013	2012
<b>a) Development and Exploration Expenditures</b>				
Camp operations	\$ 568,085	\$ 617,815	\$ 1,160,138	\$ 1,527,672
Drilling	-	1,989,245	-	2,018,493
Technical studies	-	451,882	-	1,116,658
Permitting	715,403	942,080	1,405,686	1,640,147
Other	55,956	1,162,560	77,792	1,200,152
	<b>\$ 1,339,444</b>	<b>\$ 5,163,582</b>	<b>\$ 2,643,616</b>	<b>\$ 7,503,122</b>

Included in development and exploration expenditures expenses for the three and six months ended October 31, 2013 is \$385,450 and \$742,906 of salaries and benefits (three and six months ended October 31, 2012 - \$442,793 and \$712,025), and \$36,567 and \$78,012 of fuel (six months ended October 31, 2012 - \$355,330 and \$517,113).

	Three Months Ended October 31,		Six Months Ended October 31,	
	2013	2012	2013	2012
<b>b) Office and General:</b>				
Salaries, benefits and directors' fees	\$ 362,865	\$ 476,858	\$ 761,584	\$ 1,031,918
Donations & sponsorships	35,745	43,101	42,721	106,372
Administrative and other expenses	247,503	262,042	412,972	474,053
Professional fees	292,676	370,440	728,029	602,113
Communications & travel	99,202	200,429	224,606	420,590
	<b>\$ 1,037,991</b>	<b>\$ 1,352,870</b>	<b>\$ 2,169,912</b>	<b>\$ 2,635,046</b>