# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

*(Expressed in Canadian Dollars)*

*The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Noront Resources Ltd. ("Noront" or the "Company") for the quarter ended June 30, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34, Interim Financial Reporting. This discussion should be read in conjunction with the consolidated financial statements and the notes thereto for the same period as noted above (collectively, the "Financial Statements"). Additional Company information, including the Company's most recent Financial Statements, can be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com and the Company's website at www.norontresources.com. Information contained on the Company's website is not incorporated herein and does not form part of this MD&A.*

*All financial measures are expressed in Canadian dollars unless otherwise indicated.*

*Ryan Weston M.Sc., MBA, P.Geo., Vice-President Exploration of Noront and a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), has reviewed and is responsible for the technical information contained in this MD&A. For further information on the McFaulds Lake Project, please refer to Noront's technical report titled "Feasibility Study, McFaulds Lake Property, Eagle's Nest Project, James Bay Lowlands, Ontario, Canada" dated October 19, 2012 (effective date September 4, 2012) (the "Feasibility Study"), prepared in accordance with the requirements of NI 43-101 and available on SEDAR and the Company's website. For further information on the Black Thor, Black Label and Big Daddy chromite deposits, please refer to Noront's technical report titled "National Instrument 43-101 Technical Report – Black Thor, Black Label and Big Daddy chromite deposits, McFaulds Lake Area, Ontario, Canada, Porcupine Mining Division, NTS 43D16 Mineral Resource Estimation (the "Acquired Properties Report"), prepared in accordance with the requirements for NI 43-101 and available on SEDAR and the Company's website.*

*This information is current as of August 25, 2016.*

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes certain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information is provided as of the information currency date referred to above or, in the case of documents incorporated by reference herein, as of the date of such documents.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Examples of such forward-looking information include information regarding financial results and expectations for fiscal year 2016, such as, but not limited to, availability of financing, interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations (including those contained in the Feasibility Study), metal prices, demand for metals, currency exchange rates, cash operating margins, expenditures on property, plant and equipment, increases and decreases in exploration activity, changes in project parameters, joint venture operations, mineral resources and anticipated grades and recovery rates, information regarding planned infrastructure for the Ring of Fire Region required for the development of the Eagle's Nest Project (as hereinafter defined) and information regarding government support for such plan, approval of the Company's EA and EIS (as hereinafter defined) application for the Eagle's Nest Project and are, or may be, based on assumptions and/or estimates related to future economic, market and other factors and conditions. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking information.

Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the impact of general business and economic conditions; risks related to government and environmental regulation, actual results of current exploration activities, conclusions of economic evaluations (including those contained in the Feasibility Study) and changes in project parameters as plans continue to be refined; problems inherent to the marketability of base and precious metals; industry conditions, including fluctuations in the price of base and precious metals, fluctuations in interest rates; government entities interpreting existing tax legislation or enacting new tax legislation in a way which adversely affects the Company; stock market volatility; competition; risk factors disclosed under the heading “Risks and Uncertainties”; risk factors disclosed under the heading “Risk Factors” in the Company’s most recent Annual Information Form (“AIF”) dated April 25, 2016, available electronically on SEDAR; and such other factors described or referred to elsewhere herein, including unanticipated and/or unusual events. Many of such factors are beyond Noront’s ability to control or predict.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate as actual results and future events could differ materially from those reliant on forward-looking information.

All of the forward-looking information given in this MD&A are qualified by these cautionary statements and readers of this MD&A are cautioned not to put undue reliance on forward-looking information due to its inherent uncertainty. Noront disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law. This forward-looking information should not be relied upon as representing the Company’s views as of any date subsequent to the date of this MD&A.

## NOTE TO U.S INVESTORS REGARDING MINERAL RESOURCE ESTIMATES

All mineral resource estimates contained in this MD&A have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System in compliance with Canadian securities laws, which differ from the requirements of United States securities laws. Without limiting the foregoing, this report uses the terms “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”. Any U.S. Investors are advised that, while such terms are recognized and required by Canadian securities laws, the U.S. Securities and Exchange Commission (“SEC”) does not recognize them. Under U.S. standards, mineralization may not be classified as a “mineral reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the mineral reserve determination is made. Any U.S. investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Further, inferred mineral resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred mineral resources will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of an economic analysis, except in rare cases. Any U.S. investors are cautioned not to assume that all or any part of the inferred mineral resources exists, or that they can be mined legally or economically. Information concerning descriptions of mineralization and mineral resources contained in this MD&A has been prepared in accordance with Canadian requirements and may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

## COMPANY OVERVIEW

Noront is engaged in the development, exploration and acquisition of properties prospective in base and precious metals, including: nickel, copper, zinc, platinum group elements ("PGE's"), chromite, iron, titanium, vanadium, gold and silver. The Company is currently focused on the development of its 100% owned Eagle's Nest deposit, a high grade nickel, copper, platinum and palladium deposit located in the James Bay Lowlands of Ontario (the "Eagle's Nest Project"), within a geological feature (intrusion) commonly referred to as the "Ring of Fire". On September 5th, 2012, the Company released the Feasibility Study on the Eagle's Nest project demonstrating positive economic returns.

The Company also has an advanced exploration stage chromite project known as "Blackbird"; two nickel-copper-platinum group metal discoveries known as "Eagle Two" and "Blue Jay"; an iron-vanadium-titanium discovery known as "Thunderbird"; and a shear-hosted gold occurrence called "Triple J".

As a result of the transaction with Cliffs Natural Resources Inc. which closed on April 28, 2015, the Company acquired approximately 103 claims in the Ring of Fire including a 100% interest in the Black Thor chromite deposit; a 100% interest in the Black Label chromite deposit, a 70% interest in the Big Daddy chromite deposit, 85% interest in the McFauld's Lake copper-zinc resource and other diamond exploration properties.

The Company recently purchased a 75% interest in MacDonald Mines' properties in the Ring of Fire comprised of the Butler and Sanderson properties.

Noront now holds interest, mineral, and exploration rights to approximately 136,279 hectares of ground in Ontario, New Brunswick and Quebec.

In Ontario, Noront holds interest, mineral, and exploration rights to 541claims and 1 mining lease, totaling approximately 123,044 hectares of ground. Of that, 502 claims and 1 mining lease, totaling approximately 117,364 hectares of ground, are located in the "Ring of Fire". Noront is the largest land holder in the Ring of Fire and has 100% mineral exploration rights to 271 claims of approximately 60,480 hectares, 85% mineral exploration rights to 71 claims of approximately 15,936 hectares, 75% mineral exploration rights to 147 claims of approximately 33,776 hectares, 70% mineral exploration rights to 5 claims of approximately 1,216 hectares, 50% mineral exploration rights to 7 claims of approximately 1,792 hectares, and 45% mineral exploration rights to 1 claim of approximately 64 hectares. Noront also holds 100% mining rights to one mining lease covering 4,100 hectares, and of that, Noront has surface rights to 3,510 hectares.

In addition to properties in the Ring of Fire, Noront holds a 30% interest in 6 claims of approximately 688 hectares on the MacFadyen property near the Victor Diamond Mine. Noront also holds 100% mineral rights to 3 claims of approximately 256 hectares in the Bull Lake area near Elliot Lake (west of Sudbury) and 30 claims of approximately 4,736 hectares on the Sungold property near Quetico Provincial Park.

In New Brunswick, Noront holds interest, mineral, and exploration rights to 594 claim units covering approximately 13,234 hectares. Of this total, Noront holds a 49% interest in the Burnt Hill tin-tungsten-molybdenum property (390 claim units totaling 8,653 hectares) located in the southern-central part of the province and a 100% interest in the Golden Ridge gold property (204 claim units totaling 4,581 hectares) located adjacent to the Maine, U.S.A. border in the south-western part of the province.

In Quebec, Noront holds 100% interest, mineral, and exploration rights to 2 claims covering approximately 112 hectares on the Dalhousie property, located near Matagami, Quebec.

## QUARTER REVIEW

### Objectives

The Company's primary objectives for fiscal 2016 are:

- obtain a specific commitment from the provincial / federal government on the Company's proposed East – West Access Road including a timeline for construction;
- fund an ongoing systematic exploration program in the Ring of Fire and make new discoveries focused initially on the nickel, copper and platinum group metal potential;

- develop a strategy for the Company's chromite assets and incorporate it into its development pipeline;
- rationalize its property position outside of the Ring of Fire and develop a strategy for them;
- seek opportunities to add high quality exploration or development properties; and
- maintain a strong treasury position to support its near and long term needs.

**Corporate**

During the quarter, the Company improved its working capital position by settling $475 thousand in professional fees related to the prior year purchase of the Cliff's Chromite Assets in common stock of the Company and raised gross proceeds of $465 thousand through the issuance of 1,162,500 flow-through shares.

The Company strengthened its management team with the addition of Ryan Weston as Vice-President Exploration. Ryan has a broad background in base and precious metal exploration and has filled numerous senior roles, most recently as Chief Geologist for Carlisle Goldfields and as Senior Geologist for Cliffs Natural Resources working on the Ring of Fire chromite properties.

During the quarter, the Company extended the term of its US$15 million convertible debenture (the "Convertible Debenture") with Resource Capital Fund V ("RCF") to December 31, 2017. The amending agreement requires RCF to accept all interest payments in common shares of the Company with interest paid quarterly in arrears with the interest rate remaining the same at 8% per annum. The Convertible Debenture may be converted into common shares of the Company at the option of RCF at a price of $0.34 cents per share (previously $0.45 cents per share) at any time prior to December 31, 2017.

Subsequent to the quarter-end, the Company closed its purchase of a 75% interest in the MacDonald Mines Ltd's properties in the Ring of Fire. The Company issued $750,000 of common shares in the Company to MacDonald to earn its 75% interest. MacDonald has a 25% carried interest until the issuance of a NI 43-101 compliant resource on one of the properties, 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, Noront can elect to buy MacDonald's 25% interest for $3 million (the Buy-back Right), payable in cash or shares at the option of Noront. If neither the Conversion Right nor the Buy-back Rights are exercised, a Joint Venture arrangement will be formed between the parties to develop the properties.

**Ring of Fire Development**

Subsequent to the quarter the Company released its development plan for the Ring of Fire and provided an update on the shared transportation corridor to the Ring of Fire

Eagle's Nest

Noront's first development project will be Eagle's Nest, a nickel-copper-platinum group element mine with an 11-20 year life and projected direct employment of more than 300. This project has the highest value ore in the Ring of Fire and requires a more modest infrastructure commitment than the Company's other projects.

The Eagle's Nest site is currently accessed only by air and winter road, therefore, development requires an all-season road. Noront expects to access the mine through an existing East-West corridor to be shared with local First Nations communities. The federal and provincial governments recently funded a community-led study of this route which was completed at the end of June 2016. The Company is expecting an announcement on access infrastructure to the Ring of Fire in 2016. The Company anticipates that mine construction will begin in 2018 when road construction starts, resulting in first concentrate production in 2021.

Noront believes the development of the Ring of Fire should create jobs, economic growth and long-term prosperity for local aboriginal communities. Responsible mining is integral to the way the Company operates, and as such, we will be developing Eagle's Nest in partnership with the local communities with a focus on direct and indirect employment and establishing business development opportunities.

Chromite

Noront plans to start the construction of its Blackbird chromite project once Eagle's Nest is in production. Since acquiring Cliffs' chromite deposits in 2015, Noront has become the majority owner of all current major chromite deposits in the Ring of Fire, and has over 90% of the NI 43-101 measured and indicated resources in the region. Noront has reviewed the technical data acquired from Cliffs and developed a chromite plan that incorporates this information into its development timeline.

A phased approach to chromite development is planned. The initial phase will leverage the infrastructure of the Company's first mine, Eagle's Nest. This approach will enable economic development of high grade ore from the Blackbird Chromite deposit which is located close to Eagle's Nest and able to use the same surface infrastructure.

The Blackbird mine is expected to produce approximately 500,000 tonnes of ore per annum from underground. A ferrochrome smelter, which would be built for potential expansion, would be constructed at a yet to-be-determined brown-fields site in Ontario. The chromite project has the potential to produce up to 200,000 tonnes per annum of high quality ferrochrome which represents roughly 50% of current North American demand.

Larger scale chromite development supported by the Black Thor and Big Daddy Deposits will follow, with a timeline that is dependent upon the seaborne ferrochrome market. The larger scale project has the potential to produce up to 1.5 million tonnes of concentrate and 600,000 tonnes of ferrochrome.

**Exploration**

The Company is currently exploring for nickel-copper-platinum-palladium deposits along strike from its Eagle's Nest deposit. A number of prospective geophysical targets have been generated and drilling on the most compelling anomalies began in mid-August.

The Company started drilling a geophysical anomaly identified at depth which could represent a sulphide conductor. The anomaly is proximal to the Eagle's Nest deposit at a depth of approximately 750 meters. Modelling indicates that the cause of this anomaly could be a conductive body with a strike of 800 meters, depth of 500 meters and a thickness of 50 meters.

Cyr Drilling International in a joint venture with Webequie First Nation will be conducting the drill program which represents another good opportunity to ensure that workers from the local communities are involved in the jobs and training opportunities that will be afforded. During the 2016 exploration program the Company's exploration workforce was 65% First Nations; they are being employed as line cutters, geophysical assistants, diamond drill support and camp support staff. The Company plans to further expand these opportunities for First Nations as its projects progress. This is a critical component of the Noront exploration plan and demonstrates Noront's intent to maximize the employment benefits for the local communities.

## EAGLE'S NEST

The Company completed a Feasibility Study in accordance with the requirements of NI 43-101, with an effective date of September 4, 2012, by Independent Consultants[1] under the supervision of Micon International. In accordance with NI 43-101 the Company classifies the Eagle's Nest Deposit as a reserve and resource. The feasibility study entitled "NI 43-101 Technical Report – Feasibility Study – McFaulds Lake Property, Eagle's Nest Project, James Bay Lowlands, Ontario, Canada" is available on www.sedar.com.

The Feasibility Study is based on annual production of approximately 150,000 tonnes of high grade nickel-copper concentrate containing approximately 34 million pounds (15 thousand tonnes) of nickel, 19 million pounds (8.5 thousand tonnes) of copper, 23 thousand ounces of platinum and 89 thousand ounces of palladium with estimated operating costs (including road access fees) of $97 per tonne. The mineral reserves support a mine life of 11 years mining one million tonnes of ore per annum. Given the high-grade nature of the Eagle's Nest deposit and significant by-products of copper, platinum and palladium, the Company anticipates that Eagle's Nest, once in production, will be one of the lowest cost nickel sulphide mines in the world.

The Company plans to update its Feasibility Study and complete project permitting once the shared transportation corridor to the Ring

[1] The feasibility study was completed by Micon International and included technical input from: Tetra Tech WEI, Cementation Canada Ltd., Knight Piesold Ltd., Penguin ASI, SGS Canada Inc., Outotec, Ausenco, Nuna Logistics, and Golder Associates.

of Fire is formally committed to by the Provincial Government of Ontario and necessary financing is arranged. Management has identified certain opportunities to reduce the capital cost related to the mine and mill project including putting the process plant on surface as opposed to underground and simplifications to the mine design.

Eagle's Nest has the following royalty obligations:

- a 1% Net Smelter Royalty (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 commons shares of the Company; and
- a 1% NSR, half of which may be repurchased by the Company for US$3.125 million until June 14, 2018.

## CHROMITE PROJECTS

The Company has the following chromite resources[2]:

| Deposit | Classification | Tonnes (Millions) | Cr2O3 % |
|---|---|---|---|
| **Blackbird** | Measured Resources | 9.30 | 37.44 |
| | Indicated Resources | 11.20 | 34.36 |
| | Meas. + Ind. Resources | 20.50 | 35.76 |
| | Inferred Resources | 23.50 | 33.14 |
| **Black Thor** | Measured Resources | 107.60 | 32.20 |
| | Indicated Resources | 30.20 | 28.90 |
| | Meas. + Ind. Resources | 137.70 | 31.50 |
| | Inferred Resources | 26.80 | 29.30 |
| **Black Label** | Measured Resources | --- | --- |
| | Indicated Resources | 5.40 | 25.30 |
| | Meas. + Ind. Resources | 5.40 | 25.30 |
| | Inferred Resources | 0.90 | 22.80 |
| **Big Daddy** | Measured Resources | 23.30 | 32.10 |
| | Indicated Resources | 5.80 | 30.10 |
| | Meas. + Ind. Resources | 29.10 | 31.70 |
| | Inferred Resources | 3.40 | 28.10 |

*A cut-off grade of 20% Cr2O3 was used in the above tables except for the Blackbird Resource which was estimated using a 30% cut-off grade*

*The Company has a 70% interest in the Big Daddy Chromite deposit with the other 30% held by Canada Chrome Mining Corporation, a wholly owned subsidiary of KWG Resources Inc.*

The Blackbird deposit is less than 1 km from the Company's Eagle's Nest project and is conducive to bulk underground mining. The Company anticipates that the Blackbird deposit will be developed once Eagle's Nest is in production and will share the same surface infrastructure. The Company is planning for the mine to produce approximately 500,000 tonnes of ore which would produce approximately 200,000 tonnes of Ferrochrome which represents half of the North American Market. It is anticipated that a Ferrochrome smelter will be constructed at a yet to be determined brown-fields site in Ontario.

The Black Thor, Black Label and Big Daddy Chromite deposits are 5 to 8 km away from Eagle's Nest. These deposits come to surface and are conducive for bulk mining with chromite lenses averaging between 40 and 80 metres in true width (with maximum widths at Black Thor reaching up to 130 metres).

[2] Resource estimates for Blackbird from "National Instrument 43-101 Technical Report Feasibility Study McFaulds Lake Property, Eagle's Nest Project, James Bay Lowlands, Ontario, Canada" dated September 4, 2012, (page 96) completed by Micon International. Resource estimates for Black Thor, Black Label and Big Daddy from "National Instrument 43-101 Technical Report, Black Thor, Black Label and Big Daddy Chromite Deposits, McFaulds Lake Area, Ontario, Canada, Porcupine Mining Division, NTS 43D16, Mineral Resource Estimation Technical Report" dated July 27th, 2015, prepared by Alan Aubut, P.Geo., of the Sibley Basin Group.

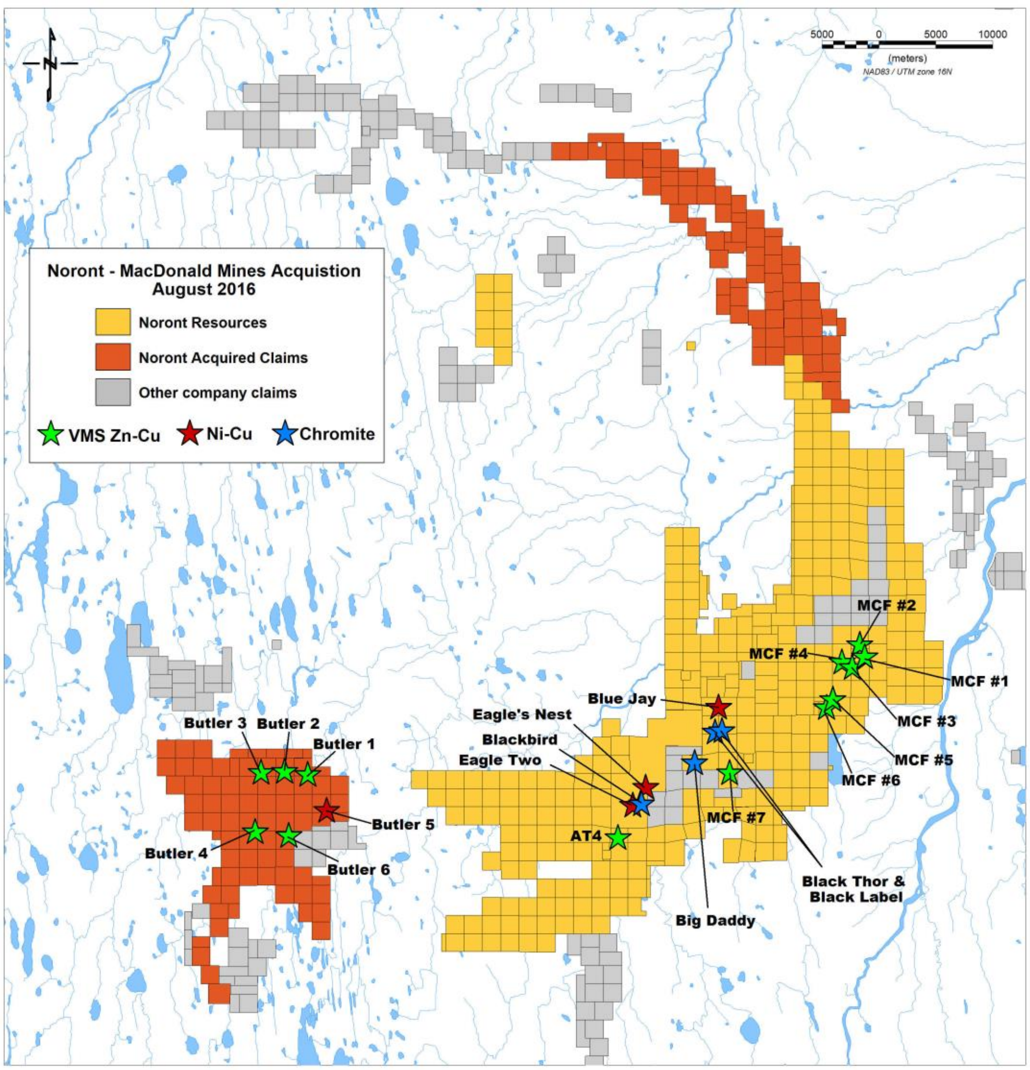
A larger scale chromite development supported by the Black Thor and Big Daddy Deposits will follow the Blackbird Development with a timeline that is dependent upon the seaborne ferrochrome market. The larger scale project has the potential to produce up to 1.5 million tonnes of concentrate and 600,000 tonnes of ferrochrome.

The Black Thor Chromite deposit has a 3% Gross Smelter Royalty (GSR) and the Blackbird and Black Label Chromite deposits have a 2% GSR. There is no royalty on the Company's interest in the Big Daddy Chromite deposit.

## RING OF FIRE REGIONAL EXPLORATION

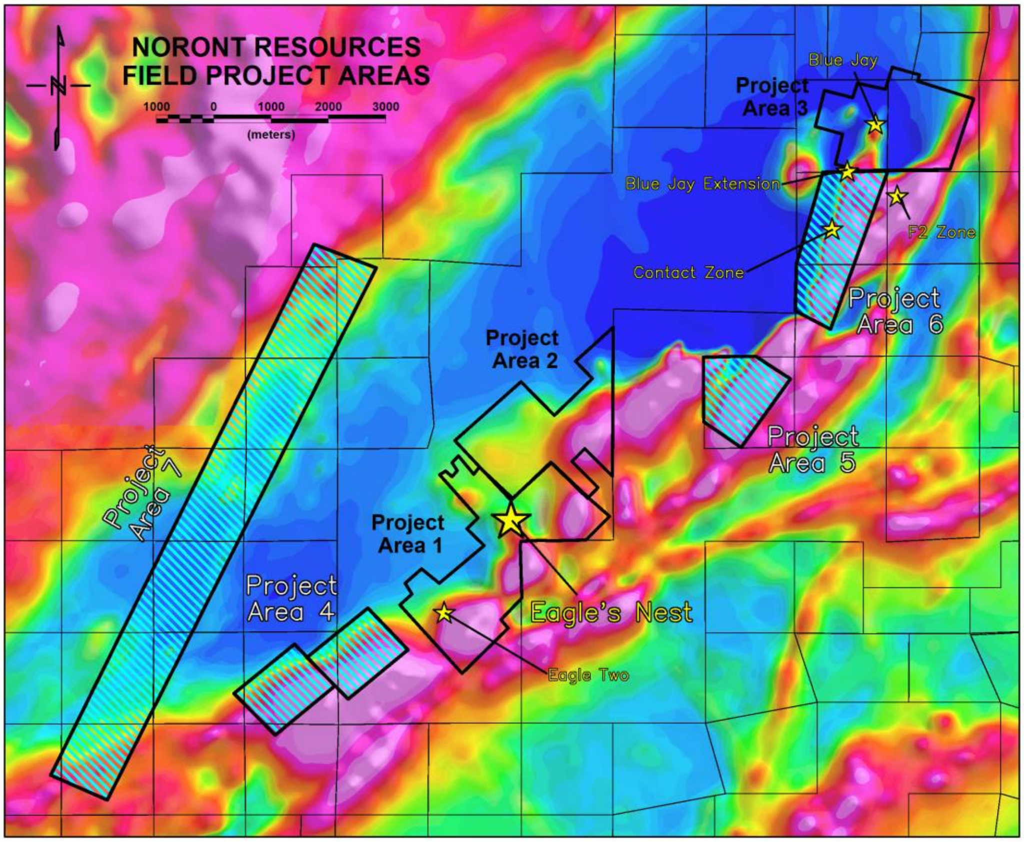
The Company recently added significant exploration properties in the Ring of Fire with the acquisition of the Butler and Sanderson Properties from Macdonald Mines. The Macdonald Mines' properties consist of two separate blocks of claims. The Butler Property (77 claim units) covers a very prolific belt of felsic volcanic rocks which host four known zinc-copper rich volcanogenic massive sulphide (VMS) occurrences. The Sanderson Property (70 claim units) covers a large ferrogabbro intrusion (the "Big Mac" intrusion) and possible footwall ultramafic intrusion similar in scale to the Black Thor intrusion and which is prospective for nickel-copper as well as chromite deposits.

**Figure 1: Noront Claim Map post MacDonald Mines Transaction**



The Company continues to progressively and systematically explore the favourable footwall contact that hosts the Eagle's Nest nickel-copper-platinum-palladium deposit and the showings known as Blue Jay and Eagle Two.  Noront has claims and leases that cover over 30 kilometres of ground along this highly prospective contact.

**Figure 2: Project Areas**




The Company has completed ground based induced polarization (IP) surveys to locate areas of chargeable response along the favourable footwall contact, followed up with deep-looking electro-magnetic (UTEM 5) surveys to identify potential massive sulfide targets over Project Area's 1, 2, 3,5, 6.  A number of prospective geophysical targets have been generated and drilling on the most compelling anomalies began in mid-August.

The Company plans on drilling a geophysical anomaly identified at depth in project area 1 (the AT5 target) which could represent a significant sulphide conductor.  The anomaly is proximal to the Eagle's Nest deposit at a depth of approximately 750 meters. Modelling indicates that the cause of this anomaly could be a conductive body with a strike of 800 meters, depth of 500 meters and a thickness of 50 meters.

During the quarter the Company staked additional claims comprising project area 7 (Figure 1).  This project area is considered to have nickel-copper potential based on the occurrence and linear trend of a series of discrete magnetic highs thought to represent narrow ultramafic conduits similar to the Eagles Nest intrusion.  Future work in project area 7 will focus on testing this geological model through surface geochemical and ground based geophysical surveys.

Noront's exploration team has also begun compilation and target generation for copper and zinc rich VMS deposits which will comprise a substantial effort for the Company over the next 18 month period.  Noront has a very sizeable land package for VMS deposits. The current McFaulds VMS property plus the newly acquired Butler property has a total of 13 occurrences of VMS Copper-Zinc, including two deposits with a 43-101 calculated mineral resource estimate (McFaulds 1 and 3).  Significant exploration work on the McFaulds property slowed after 2007 when the focus shifted to nickel-copper-platinum-palladium exploration with the discovery of the high-grade Eagles Nest deposit.

There is a 2% GSR on any chromite production and a 2% NSR on all other mineral production from the Company's Ring of Fire Regional Exploration properties, excluding the Company's Eagle's Nest deposit, its McFauld's Lake VMS deposit and the newly acquired Butler and Sanderson Properties.

There is a 2% NSR over six claims which comprise part of the Butler Property.

## McFAULD'S LAKE VMS DEPOSITS

The two McFauld's deposits are volcanogenic massive sulphide (VMS) type occurrences and are the centerpiece of an 80 claim property held 85% by the Company and 15% held by KWG Resources. In August 2008, a NI-43-101 report was filed by Spider Resources Inc. and UC Resources Limited, former Joint Venture partners with KWG Resources Inc., with the following resources[3]:

| Deposit | Classification | Tonnes | Grade (% Cu) | Grade (% Zn) |
|---|---|---|---|---|
| McFaulds 3 | Indicated Resource | 802,000 | 3.75 | 1.1 |
| McFaulds 1 | Inferred Resource | 279,000 | 2.13 | 0.58 |

*Mineral resources were estimated using a cut-off grade of 1.5% Cu*

The Company believes there is significant opportunity for discovery of additional VMS mineralization along this favorable 10 km horizon.

## OTHER PROJECTS

*Burnt Hill, New Brunswick*

The Burnt Hill Tungsten properties straddle the Southwest Miramachi River some 70 km NW of Fredericton, New Brunswick. The properties contain tungsten, molybdenum and tin mineralization mainly in quartz veins that cut argillic sediments on the periphery of granitoid plutons. The Company has a 49% interest in the property with Cadillac Ventures Inc. The Company has no activity planned for these properties for the current fiscal year.

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[3] Resource estimates from "Updated Technical Report on the McFaulds Lake Project, Porcupine Mining Division, James Bay Lowland, Ontario, Canada" dated August 30th, 2008, prepared by Deep Search Exploration Technologies Inc.

## SELECTED FINANCIAL INFORMATION

The following financial data are derived from the Company's financial statements for the three and six months ended June 30, 2016 and the three and six months ended June 30, 2015 which have been prepared in accordance with IAS 34:

| (expressed in $ thousands except per share amounts) | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (Unaudited) | 2016 | 2015 | 2016 | 2015 |
| Development and exploration expenditures | 1,489 | 1,073 | 836 | 2,553 |
| Office and general | 618 | 568 | (360) | 167 |
| Amortization | 95 | 121 | 190 | 243 |
| Share-based compensation | 183 | 248 | 666 | 2,963 |
| Interest income | 8 | 2 | 13 | 10 |
| Finance expense | 1,037 | 742 | 2,114 | 1,122 |
| Gain on sale of marketable security | - | 142 | - | 142 |
| Loss on Loan Extinguishment | (3,339) | - | (3,339) | - |
| Re-measurement of Repayment Options | 361 | 3,727 | 2,162 | (3,004) |
| Gain on sale of royalty | - | 4,149 | 2,057 | 4,149 |
| Accretion expense | 507 | 436 | 1,034 | 578 |
| Net income (loss) | (6,467) | 3,919 | (3,816) | 8,258 |
| Net earnings (loss) per share – basic | (0.02) | 0.02 | (0.01) | (0.03) |
| Net earnings (loss) per share – diluted | 0.00 | 0.00 | 0.00 | (0.03) |
| Cash flow used in operations | (4,113) | (2,009) | (4,113) | (4,168) |
| Cash and cash equivalents | 5,861 | 4,029 | 5,861 | 4,029 |
| Working Capital [(1)] | 3,743 | (20,113) | 3,743 | (20,113) |

[(1)] Working capital includes all current assets and current liabilities, excluding non-cash repayment options.

### Three and Six Months Ended June 30, 2016 Compared to Three and Six Months ended June 30, 2015

### Development and Exploration Expenditures

| (expressed in $ thousands) | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (Unaudited) | 2016 | 2015 | 2016 | 2015 |
| Owner's Cost | 160 | $ 370 | $ 318 | $ 883 |
| Camp Operations and Exploration | 1270 | 487 | 2,594 | 1,074 |
| Permitting | 54 | 148 | 60 | 314 |
| Engineering /Site & Road Geotechnical | - | 59 | - | 273 |
| Other | 5 | 9 | 5 | 9 |
| Total | $ 1,489 | $ 1,073 | $ 2,977 | $ 2,553 |

***Owner's Costs***

During the three and six months ended June 30, 2016, owner's costs consisted of the Company's project personnel and consultants. During the three and six months ended June 30, 2016 these costs were significantly lower than the comparable prior year periods due to a reduction in personnel and reduction in the use of direct consultants. The comparable six month period also included a bonus accrual of $0.2 million.

***Camp Operations & Exploration Expenditure***

During the three and six months ended June 30, 2016, $0.6 million and $1.2 million was spent on camp operations in support of exploration activities and $0.7 million and $1.4 million was spent on direct exploration. This compared to $0.5 million and $1.1 million spent in the three and six months ended June 30, 2015 for maintenance of the Company's camp.

***Permitting***

Permitting expenses consisted of costs related to field work and in the prior year comparable period consultation for the Company's provincial environmental assessment and federal environmental impact statement (the "EA"). Permitting costs for the three and six months ended June 30, 2016 were significantly lower than the comparable prior periods as the Company deferred work on the EA until the construction timeline for the access road is agreed on by stakeholders.

***Engineering / Site Road Geotechnical***

Engineering expenses in the prior periods primarily consist of costs associated with technical work related to mine design alternatives and geotechnical work on the Company's proposed East West Transportation Corridor. There were no Engineering/Site and Road Geotechnical costs incurred during the three and six months ended June 30, 2016 due to a deferral of engineering work until the construction timeline of the access road is agreed on by stakeholders.

**Office and General**

| (expressed in $ thousands) | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (Unaudited) | 2016 | 2015 | 2016 | 2015 |
| General Administration | 476 | 836 | 898 | 1,556 |
| Professional fees | 102 | (360) | 167 | 544 |
| Communications and travel | 40 | 92 | 111 | 179 |
| Total | $ 618 | $ 568 | $ 1,176 | 2,279 |

***General Administration***

General administration expenses were lower than the comparable period due to a decrease in salaries and benefits as a result of a reduction in personnel, a suspension in director's fees and a reduction in donation and sponsorship expenses. The prior six month period also included bonuses of $0.1 million, whereas there were no bonuses included in the current three and six month periods.

***Professional fees***

Professional fees were significantly lower for the six months ended June 30, 2016 compared to the six month comparable period due to a reduction in the use of general legal services and other consultants. The recovery of $0.4 million during the comparative three month period ended June 30, 2015 was due to the capitalization of transaction costs of $0.6 million that were incurred as part of the acquisition of the Cliffs Chromite assets and had previously been expensed in an earlier period.

Professional fees include legal and audit costs related to compliance, government relations and communications consultants as well as other legal costs related to business development initiatives.

***Communications and travel***

For the three and six months ended June 30, 2016, communications and travel costs were lower than prior year comparable period due to less travel.

***Finance Expense***

Finance expense consists of quarterly interest payments on the Company's loan facilities and other transaction costs. During the three and six months ended June 30, 2016 the Company incurred interest expense of $1.0 million and $2.1 million of which $0.4 million and $0.8 million related to the RCF convertible loan, and $0.6 million and $1.2 million related to the long term loan with Franco-Nevada. Also included in finance expense for the three and six months ended June 30, 2016 are transaction costs on the flow-through shares issued as a result of the prospectus offering and private placement that closed during the first and second quarters.

Subsequent to quarter-end the company satisfied the payment of interest to RCF of $0.4 million through issuance of 1,307,308 common shares of the company. The Company accrued the interest on the loan with Franco-Nevada in accordance with the loan agreement. Interest on the Franco-Nevada loan is accrued and not payable until the end of the loan term being April 15, 2020. For the six months ended June 30, 2016 the company satisfied the payment of interest of $0.8 million to RCF by delivery of 2,443,013, common shares of the company.

| (expressed in $ thousands) | Six months ended June 30, | |
|---|---|---|
| (Unaudited) | 2016 | 2015 |
| Cash used in operating activities | (4,113) | (4,168) |
| Cash used in investing activities | 66 | (19,610) |
| Cash provided by financing activities | 6,838 | 22,775 |
| | 2,791 | (1,003) |

## SUMMARY OF CASH FLOWS

### *Operating Activities*

For the six months ended June 30, 2016, the Company had a cash outflow from operations of $4.1 million compared to a cash outflow of $4.2 million in the prior year comparable period. In the current six month period there was a reduction in overall expenditures and a cash inflow of $0.6 million related to the sale of the tax benefits of flow-through shares issued which was offset by settlement of trade payables resulting in a cash outflow from operations which was comparable to the prior year period.

### *Investing Activities*

For the six months ended June 30, 2016, the Company had cash inflows of $0.1 million. This is due to the sale of a 1% Net Smelter Royalty over the Eagle's Net deposit for $0.62 million offset by a cash outflow of $0.55 million for the payment of transactions costs related to the Cliff's transaction incurred in the prior year comparable period. For the six months ended June 30, 2015, the Company had cash outflows of $19.6 million due to the acquisition of the Cliff's chromite assets and the sale of royalties in connection with the acquisition.

### *Financing Activities*

For the six months ended June 30, 2016, proceeds of $7.3 million, net of transaction costs, was provided by way of a prospectus offering and private placement financing. $0.6 million of the $7.3 million was related to the sale of tax benefits associated with the issuance of flow-through shares and was presented in operating activities. Cash was also provided from the exercise of stock options in the amount of $0.2 million. For the six months ended June 30, 2015, cash was provided primarily from the loan facilities with Franco Nevada and RCF.

## SUMMARY OF QUARTERLY RESULTS AND REVIEW OF THREE AND SIX MONTHS ENDED JUNE 30, 2016

| (expressed in $ thousands except per share amounts) | 2016 | 2016 | 2015 | 2015 | 2015 | 2015 | 2014 | 2014 | 2014 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| (Unaudited) | Apr-Jun | Jan-Mar | Oct-Dec | Jul-Sept | Apr-Jun | Jan-Mar | Oct-Dec | Jul-Sep | Apr-Jun | Jan-Mar |
| Expenses | 3,929 | 4,059 | 4,627 | 4,323 | 3,187 | 4,080 | 3,080 | 3,999 | 3,262 | 3,212 |
| Gain on sale of marketable securities | - | - | - | - | 142 | - | - | - | - | - |
| Loss on Loan Extinguishment | (3,339) | - | - | - | - | - | - | - | - | - |
| Gain on sale of royalty | 3 | 2,057 | - | - | 4,149 | - | - | - | - | - |
| Re-measurement of repayment options | 362 | 1,800 | (1,692) | 3,419 | 3,727 | (6,732) | 637 | 3,989 | (1,513) | (3,082) |
| Foreign exchange loss | 230 | 2,727 | (1,572) | (2,475) | (909) | (1,373) | (447) | (573) | 396 | (440) |
| Net (income) loss | (6,467) | (2,651) | (7,797) | (3,376) | 3,919 | (12,177) | (2,696) | (561) | (4,337) | (6,700) |
| Net earnings (loss) per share – basic | (0.02) | 0.01 | (0.03) | (0.01) | 0.02 | (0.05) | (0.01) | - | (0.02) | (0.03) |
| Net earnings (loss) per share – diluted | (0.02) | 0.00 | (0.03) | (0.01) | 0.00 | (0.05) | (0.01) | - | (0.02) | (0.03) |
| Cash and cash equivalents | 5,861 | 8,658 | 3,099 | 2,727 | 4,029 | 2,648 | 4,803 | 7,360 | 9,921 | 12,799 |
| Working Capital[1] | 3,743 | (14,187) | (23,426) | (22,633) | (20,113) | (17,368) | (12,644) | 6,462 | 9,511 | 11,920 |
| Assets | 33,102 | 36,031 | 31,872 | 31,578 | 32,777 | 7,098 | 8,816 | 11,065 | 14,245 | 16,899 |
| Long-term Liabilities | 49,177 | 25,891 | 26,334 | 24,422 | 22,262 | 1,501 | 1,467 | 18,420 | 21,509 | 20,399 |

[1] Working capital includes all current assets and current liabilities, excluding non-cash repayment options.

The quarterly variation in expenses is mainly attributable to timing of technical studies, exploration drill programs, and stock option expense which is recognized in accordance with the vesting provisions. The working capital has been negative in prior quarters due to the presentation of the convertible loan facility with RCF as a current liability.

During the three month period ended June 30, 2016 the Company amended the terms of the Convertible Debenture with RCF, which is a related party of the Company by virtue of its ownership of approximately 20.07% of the Company's common shares and its right to convert the Convertible Debenture into additional common shares of the Company. The terms of the amendment to the Convertible Debenture were substantially different from the terms of the existing debenture; therefore the existing loan liability and repayment option was extinguished and a new loan liability and repayment option was established at fair value based on the amended terms. The Company determined that the total fair value of the new loan liability and repayment option ($22.3 million; $15.3 million and $7.0 million respectively) was greater than the carrying value of the existing loan liability and repayment option ($19.4 million); therefore a $3.3 million loss on loan extinguishment was recorded for the difference plus transaction costs incurred to complete the amendment.

The Company has also recorded a gain on the re-measurement of the repayment option available under the Convertible Debenture of $0.4 million and $2.2 million for the three and six month periods ended June 30, 2016. This gain reflects the reductions in the fair value of the liability for the previous repayment option from $2.2 million at December 31, 2015 to nil on the date that the Convertible Debenture was amended.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash position (cash and cash equivalents) at June 30, 2016 was $5.9 million compared to $3.1 million as at December 31, 2015.

At June 30, 2016, the Company had not yet achieved profitable operations, had an accumulated deficit of $239.0 million since inception (December 31, 2015 – $235.2 million), expects to incur further losses in the development of its business, and has net working capital of $3.7 million. At December 31, 2015 the Company had negative working capital of $23.4 million as a result of the RCF loan being classified as current. On June 30, 2016 the Company entered into an amending agreement with RCF to extend the terms of its existing US$15 million loan. The maturity date of the loan has been extended to December 31, 2017 and the loan has been re-classified to non-current liabilities as at June 30, 2016.

To improve the Company's working capital position, the Company sold a 1% Net Smelter Royalty to its major shareholder Resource Capital Fund V which closed during the first quarter of 2016. Proceeds from the royalty sale were used to repay a US$2 million bridge loan and also provided US$500 thousand in working capital. The Company also settled $0.5 million in advisory fees related to the Cliffs transaction in the prior year in shares.

During the six month period ended June 30, 2016 the Company completed a prospectus offering for gross proceeds of $6.3 million and a private placement financings for gross proceeds of $1.6 million. Proceeds from the prospectus financing and private placements are being used to fund the Company's exploration program and for working capital purposes.

Noront's financial instruments consist of cash and cash equivalents, investments, accounts payable, accrued liabilities, repayment options and long-term debt. Noront estimates that the fair value of its' financial instruments (in the case of long term debt owed to Franco Nevada, excluding transaction costs) approximate its carrying values.

The Company will need to raise sufficient capital to further develop its properties and projects beyond fiscal 2016. The timing and ability to do so will depend on, among others, the state of the financial markets as well as the acceptance of investors to finance resource based junior companies, in addition to the results of the Company's exploration programs and development activities and the acquisition of additional projects. At this time, the Company will rely on its ability to obtain equity or debt financing for the foreseeable future. Although the company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. See also the discussion under the heading "Risks and Uncertainties" in this MD&A.

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. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its ongoing corporate overhead expenditures, discharge its liabilities as they come due and advance the development of its projects in the Ring of Fire.

## CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The contractual obligations for the ensuing five-year period can be summarized as follows:

**Contractual Obligations**

(expressed in $ thousands)

| Contractual Obligations | Total | Less than 1 year | 1 -3 years | 4 - 5 years | After 5 years |
|---|---|---|---|---|---|
| Operating Leases | 876 | 220 | 471 | 25 | 160 |
| Provision for Environmental Expenditure | 1,788 | - | - | - | 1,788 |
| Other Commitments | 25 | 25 | - | - | - |
| Debt Agreements with Related Party | 19,376 | - | 19,376 | - | - |
| Long Term Debt | 45,442 | - | - | 45,442 | - |
| Total Contractual Obligations | 67,507 | 245 | 19,847 | 45,467 | 1,948 |

Operating lease obligations represent future minimum annual rentals under non-cancellable operating leases for Noront's mining lease, office space, vehicles and equipment.

**Contingencies**

The Company has an obligation as at June 30, 2016 to spend $2.4 million on flow-through eligible exploration expenditures by December 31, 2017.

The Company currently has agreements with some contractors that include provisions where the contractors provide up-front work 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 contractor may be reimbursed for the time incurred, or an amount agreed up front, if the Project does not go ahead. As at June 30, 2016, the amount of this contingent liability is approximately $250,000.

## DISCLOSURE CONTROLS AND PROCEDURES

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that:

(i) the interim filings do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, with respect to the periods covered by the interim filings; and

(ii) the interim financial statements together with the other financial information included in the interim filings of the Company fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the interim filings.

In contrast to the certificate required of non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer, such as the Company, to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## CRITICAL ACCOUNTING ESTIMATES

The use of critical accounting estimates have been detailed in the Company's MD&A for the year ended December 31, 2015.

## RISKS AND UNCERTAINTIES

Noront's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The risk factors have been detailed in the Company's MD&A for the year ended December 31, 2015 and the Company's Annual Information Form, available electronically on SEDAR at www.sedar.com. As of August 25, 2016, the Company has not identified any material changes to the risk factors affecting its business. The Company's analyses of its risks are discussed throughout this Management Discussion and Analysis; relevant sections of the MD&A should be referred to understand the likelihood of certain risks.

## OUTSTANDING SHARE INFORMATION

| As at August 25, 2016 | |
|---|---|
| Authorized | Unlimited |
| Issued and outstanding shares | 286,613,305 |
| Options outstanding | 17,763,334 |
| Performance Share Units outstanding | 3,000,000 |
| Restricted Share Units outstanding | 335,000 |
| Convertible Debt | 57,026,471 |
| Fully diluted | 364,738,109 |

## ADDITIONAL INFORMATION

Additional information relating to Noront is available on the Internet at the SEDAR website www.sedar.com, and is available on the Company's website located at **www.norontresources.com**.