CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

(EXPRESSED IN CANADIAN DOLLARS)

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

	Note	As at September 30, 2016	As at December 31, 2015
Assets			
Current Assets			
Cash and cash equivalents	4	**$ 11,275,371**	$ 3,099,297
Taxes and other receivables		**138,179**	275,162
Supplies inventory		**306,058**	135,885
Prepaid expenses		**134,299**	188,438
Total Current Assets		**$ 11,853,907**	$ 3,698,782
Non-Current Assets			
Equipment	5	**1,810,928**	1,821,942
Intangible assets		**11,051**	17,681
Mineral properties	6	**25,418,065**	26,092,812
Investments		**240,600**	240,600
Total Non-Current Assets		**$ 27,480,644**	$ 28,173,035
Total Assets		**$ 39,334,551**	$ 31,871,817
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	7a(iii)	**$ 1,606,170**	$ 3,038,492
Loan Facilities - due to Resource Capital Funds V L.P.	7a	**-**	23,528,001
Repayment options	7c	**-**	2,162,256
Embedded derivative	8	**-**	274,748
Flow-through share liability	10b	**569,402**	283,355
Total Current Liabilities		**2,175,572**	29,286,852
Non-Current Liabilities			
Provision for environmental expenditure	9	**1,754,929**	1,491,868
Loan Facilities - due to Resource Capital Funds V L.P.	7a	**16,157,919**	-
Repayment options	7c	**3,700,017**	-
Loan Facilities - due to Franco-Nevada Corporation	7b	**26,912,727**	24,842,032
Total Non-Current Liabilities		**$ 48,525,592**	$ 26,333,900
Total Liabilities		**$ 50,701,164**	$ 55,620,752
Shareholders' Deficit			
Capital stock	10b	**$ 192,157,414**	$ 176,756,027
Warrants	10d	**2,334,489**	62,859
Contributed surplus		**35,149,279**	34,616,275
Deficit		**(241,007,795)**	(235,184,096)
Total Shareholders' Deficit		**$ (11,366,613)**	$ (23,748,935)
Total Shareholders' Deficit and Liabilities		**$ 39,334,551**	$ 31,871,817

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

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

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

	Note	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Expenses					
Development and exploration expenditures	**14a**	**$ 1,823,606**	$ 1,212,898	**$ 4,800,366**	$ 3,766,232
Office and general	**14b**	**$ 674,459**	$ 934,541	**1,850,207**	3,213,830
Amortization		**$ 102,948**	$ 121,462	**292,643**	364,386
Share-based compensation	**10c,e**	**$ 120,961**	$ 184,001	**619,547**	676,109
Loss before finance items and other gains		**$ (2,721,974)**	$ (2,452,902)	**$ (7,562,763)**	$ (8,020,557)
Interest income		**$ 6,754**	$ 3,752	**19,413**	13,803
Finance expense		**$ (1,048,482)**	$ (1,063,917)	**(3,162,146)**	(2,186,397)
Flow-through share premium		**$ 257,049**	$ -	**688,171**	-
Gain on sale of investments		**$ -**	$ -	**-**	141,680
Loss on loan extinguishment		**$ -**	$ -	**(3,339,427)**	-
Gain on sale of royalty	**7a(ii)**	**$ -**	$ -	**2,057,046**	4,149,462
Accretion expense		**$ (1,102,649)**	$ (806,183)	**(2,136,802)**	(1,383,997)
Re-measurement of repayment options	**7c**	**$ 3,234,417**	$ 3,418,782	**5,396,673**	414,618
Re-measurement of embedded derivative	**8**	**$ -**	$ -	**(133,972)**	-
Foreign exchange gain (loss)		**$ (632,632)**	$ (2,475,325)	**2,327,608**	(4,762,515)
Other		**$ -**	$ -	**22,500**	-
Net loss and comprehensive loss		**(2,007,517)**	(3,375,793)	**$ (5,823,699)**	$ (11,633,903)
Loss per share - basic and diluted	**11**	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.05)

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

Noront Resources Ltd.

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

	Common Shares	Capital Stock	Warrants and Broker Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2014	**239,271,809**	**$ 170,711,698**	**$ -**	**$ 33,770,609**	**$ (215,753,305)**	**$ (11,270,998)**
Issue of shares	4,442,575	1,447,213	-	-	-	1,447,213
Exercise of options	483,333	121,167	-	-	-	121,167
Issuance of interest shares	2,895,335	1,150,282	-	-	-	1,150,282
Issue of warrants	-	-	62,859	-	-	62,859
Flow-through share premium	-	(30,700)	-	-	-	(30,700)
Share-based compensation	-	-	-	676,109	-	676,109
Net loss for the period	-	-	-	-	(11,633,903)	(11,633,903)
Balance, September 30, 2015	**247,093,052**	**$ 173,399,660**	**$ 62,859**	**$ 34,446,718**	**$ (227,387,208)**	**$ (19,477,971)**

	Common Shares	Capital Stock	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2015	**255,857,623**	**$ 176,756,027**	**$ 62,859**	**$ 34,616,275**	**$ (235,184,096)**	**$ (23,748,935)**
Issue of shares (Note 10b)	51,964,763	14,466,779	-	-	-	14,466,779
Flow-through share premium	-	(974,219)	-	-	-	(974,219)
Exercise of options	841,666	239,677	-	(86,542)	-	153,135
Issue of Warrants	-	-	2,271,630	-	-	2,271,630
Issuance of interest shares (Note 7,10b)	5,020,561	1,669,150	-	-	-	1,669,150
Share-based compensation (Note 10c,e)	-	-	-	619,546	-	619,546
Net loss for the period	-	-	-	-	(5,823,699)	(5,823,699)
Balance, September 30, 2016	**313,684,613**	**$ 192,157,414**	**$ 2,334,489**	**$ 35,149,279**	**$ (241,007,795)**	**$ (11,366,613)**

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

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

	Note	**Nine Months Ended September 30, 2016**	Nine Months Ended September 30, 2015
Operating activities			
Net loss for the period		**$ (5,823,699)**	$ (11,633,903)
Amortization		**292,643**	364,386
Share-based compensation	**10c,e**	**619,547**	676,109
Accretion expense		**2,136,802**	1,383,997
Flow-Through share premium		**(688,171)**	-
Flow-Through proceeds on sale of tax benefits		**974,209**	-
Issuance of interest and extension fees shares		**1,687,337**	1,150,282
Re-measurement of repayment options		**(5,396,673)**	(414,618)
Re-measurement of embedded derivative		**133,972**	-
Accrued interest on long term debt	**7b**	**1,850,325**	957,246
Loss on loan extinguishment		**2,919,571**	-
Gain on sale of Investments		**-**	(141,680)
Gain on sale of royalty	**7a(ii)**	**(2,057,046)**	(4,149,462)
Unrealized foreign exchange (gain)/loss		**(2,288,538)**	5,054,357
Net change in non-cash working capital:			
Taxes and other receivables		**136,983**	(129,999)
Supplies inventory		**(170,173)**	(124,540)
Prepaid expenses		**54,139**	(20,161)
Accounts payable and accrued liabilities		**(375,713)**	570,768
Net cash used in operating activities		**$ (5,994,485)**	$ (6,457,218)
Investing activities			
Acquisition of mineral properties including transaction costs		**(558,311)**	(33,244,751)
Acquisition of Investments		**-**	(454,350)
Acquisition of equipment		**-**	(44,972)
Proceeds on sale of royalty on chromite assets, net costs		**-**	9,379,977
Proceeds on sale of royalties, net of costs		**621,099**	4,203,307
Proceeds on disposal of securities		**-**	355,430
Net cash provided by (used in) investing activities		**$ 62,788**	$ (19,805,359)
Financing activities			
Proceeds from exercise of options		**168,511**	121,167
Loan facility, net of costs	**7a(ii)**	**(254,518)**	2,433,974
Long term loan, net of costs		**(22,778)**	20,097,453
Prospectus equity issuance, net of costs and sale of tax benefits		**12,381,569**	-
Private placement, net of costs and sale of tax benefits		**2,268,027**	1,534,575
Settlement of embedded derivative		**(408,720)**	**-**
Finance lease		**(1,990)**	(18,244)
Net cash provided by financing activities		**$ 14,130,101**	$ 24,168,925
Change in cash and cash equivalents		**$ 8,198,404**	$ (2,093,652)
Effect of foreign exchange rates on cash and cash equivalents		**(22,330)**	17,882
Cash and cash equivalents, beginning of period		**3,099,297**	4,803,245
Cash and cash equivalents, end of period		**$ 11,275,371**	$ 2,727,475

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

1. Nature of Business and Going Concern

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

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

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board on a going concern basis, which assumes the Company will be able to meet its obligations and continue its operations for the next twelve months. At September 30, 2016, the Company had not yet achieved profitable operations, had an accumulated deficit of $241.0 million since inception (December 31, 2015, – $235.2 million) and expects to incur further losses in the development of its business, and had net working capital of $9.7 million. At December 31, 2015 the Company had negative working capital as a result of the Resource Capital Funds V L.P ("RCF") loan being classified as a current liability. On June 30, 2016 the Company entered into an amending agreement with RCF to extend the term of its existing US$15 million convertible debt. The maturity date of the convertible debt has been extended until December 31, 2017 and has been re-classified to non-current liabilities as at September 30, 2016. (See Note 7 a (I) - Debt Agreements with Related Party - Resource Capital Funds V L.P).

The Company's ability to continue as a going concern is dependent upon its ability to repay or refinance its long term debt facilities and obtain the necessary financing to meet its ongoing corporate overhead expenditures and advance the exploration of its claims and development of its projects in the Ring of Fire. During the nine months to September 30, 2016 the Company completed equity offerings with gross proceeds of $14.2 million and private placements with gross proceeds of of $2.6 million to fund exploration and working capital. Although the Company has been successful in the past in refinancing its debt and obtaining financing, there is no assurance that it will be able to do so in the future or that such arrangements will be on terms advantageous to the Company. These material uncertainties cast significant doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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

2. Basis of Preparation

These condensed consolidated interim financial statements are prepared in accordance with IFRS, including International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS and include information necessary or useful to understanding the Company's business and financial statement presentation.

The condensed consolidated interim financial statements have been prepared using the same accounting policies, methods of computation and presentation as were applied in the annual financial statements for the year ended December 31, 2015. These condensed consolidated interim financial statements were approved by the Audit Committee on behalf of the Board of Directors on November 17, 2016.

(Expressed in Canadian dollars, unless otherwise noted)

3. Fair Value Measurements

a) Financial Instruments

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

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

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

The three levels of fair value hierarchy are:

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

Repayment Options and the embedded derivative are measured at fair value and classified as Level 2 (Note 7c.)

Investments are classified as Level 3.

The carrying value of the Company's accounts payable and accrued liabilities and loan facilities with RCF in the comparable period approximates the fair values of those financial instruments, due to the short-term maturity of such instruments.The existing loan facility with RCF was initially recognized at fair value less transaction costs at June 30, 2016. Subsequent to initial recognition, the carrying values of the Company's loan facilities with RCF and Franco-Nevada Corporation, exclusive of transaction costs, approximate fair value as there has not been a significant change in circumstances since these facilities were recorded at fair value on initial recognition.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:	**September 30, 2016**	December 31, 2015
Cash deposits	**$ 11,171,722**	$ 2,996,410
Guaranteed investment certificate	**103,649**	102,887
	$ 11,275,371	$ 3,099,297

(Expressed in Canadian dollars, unless otherwise noted)

5. Equipment

September 30, 2016	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 4,426,747	$ 115,027	$ 200,287	$ 4,742,061
Accumulated Amortization	(2,651,494)	(97,508)	(182,131)	(2,931,133)
Closing Net Book Value	$ 1,775,253	$ 17,519	$ 18,156	$ 1,810,928
Opening Net Book Value - Jan 1, 2016	$ 1,779,971	$ 20,611	$ 21,360	$ 1,821,942
Additions[1]	234,079	-	-	234,079
Re-measurement of provision [2]	40,919	-	-	40,919
Amortization	(279,716)	(3,092)	(3,204)	(286,012)
Closing Net Book Value	$ 1,775,253	$ 17,519	$ 18,156	$ 1,810,928

December 31, 2015	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 4,151,749	$ 115,027	$ 200,287	$ 4,467,063
Accumulated Amortization	(2,371,778)	(94,416)	(178,927)	(2,645,121)
Closing Net Book Value	$ 1,779,971	$ 20,611	$ 21,360	$ 1,821,942
Opening Net Book Value - Jan 1, 2015	$ 2,197,584	$ 25,764	$ 26,700	$ 2,250,048
Additions	44,972	-	-	44,972
Remeasurement of provision [2]	(4,911)	-	-	(4,911)
Amortization	(457,674)	(5,153)	(5,340)	(468,167)
Closing Net Book Value	$ 1,779,971	$ 20,611	$ 21,360	$ 1,821,942

[1]Included in additions for the nine months ended September 30, 2016 is $204,357 relating to the Butler Lake asset retirement obligation that was acquired during the third quarter.

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

(Expressed in Canadian dollars, unless otherwise noted)

6. Mineral Properties

		September 30, 2016	December 31, 2015
(i)	McFauld's Lake Property - "Ring of Fire", James Bay Lowlands, Northeastern Ontario		
	Opening balance	**$ 26,092,812**	$ 1,438,104
	Acquisition of chromite assets	**-**	32,879,762
	Transaction costs - acquisition of chromite assets	**-**	989,207
	Royalty on chromite assets	**-**	(9,379,977)
	Transaction costs - royalty on chromite assets	**-**	165,716
	Sale of 1% NSR royalty to RCF	**(1,438,104)**	-
		$ 24,654,708	$ 26,092,812
(ii)	Butler and Sanderson Properties - "Ring of Fire", James Bay Lowlands, Northeastern Ontario		
	Opening balance	**-**	-
	Investment in MacDonald Mines Ltd.	**750,000**	-
	Acquisition costs	**13,357**	-
		$ 25,418,065	$ 26,092,812

McFauld's Lake

Eagle's Nest, Nickel, Copper, PGM Deposit

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

In addition, on January 14, 2016 the Company closed the sale of a 1% NSR over the Eagle's Nest deposit to RCF for a sum of US$2.5 million. The agreement contains a buy back provision whereby Noront can repurchase 50% of the royalty for US$3.1 million for a period of 30 months. The proceeds from this transaction were used to extinguish the US$2.0 million bridge loan payable to RCF and for working capital. The sale of the royalty has been recorded as a reduction in the carrying value of mineral property to the extent of previously capitalized acquisition costs for the Eagle's Nest deposit ($1.4 million) and the remaining proceeds, net of transaction costs, have been recorded as a gain on sale of royalty as reflected in the statement of income (loss) in the amount of $2.1 million.

Butler and Sanderson Properties

On August 24, 2016 the Company issued common shares with a value of $750,000 to MacDonald Mines Ltd. ("MacDonald") for a 75% interest in its Ring of Fire properties including its flagship Butler and Sanderson Properties. MacDonald will have a 25% carried interest until the issuance of a NI 43-101 compliant resource on one of the properties, at which time MacDonald will have the option to convert the carried interest into a 1% NSR (the Conversion Right). If MacDonald does not elect to exercise its conversion right, the Company can elect to buy back MacDonalds 25% interest for $3 million (the Buy-back Right), payable in cash or shares at the option of the Company. If neither the Conversion Right nor Buy-back Right are exercised, a Joint Venture arrangement will be formed between the parties to develop the properties. There is a 2% NSR over six claims which comprise part of the Butler Property.

Other Properties

The Company has also granted the following royalties to Franco-Nevada:

a) 2% Gross Smelter Royalty (GSR) on all of the Company's chromite properties, except for Black Thor for which there is a 3% GSR and the Big Daddy deposit which is not subject to a royalty.

(Expressed in Canadian dollars, unless otherwise noted)

6. Mineral Properties (Continued)

b) 2% NSR over all other minerals of the Company's properties, excluding the Company's Eagle's Nest deposit and its McFauld's Lake VMS deposit.

7. Loan Facilities

	September 30, 2016	December 31, 2015
Current portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	-	$ 20,760,001
Debt agreement with related party - June 30, 2015 (a)(ii)	-	2,768,000
	-	23,528,001
Long term portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	$ 16,157,919	$ -
Long term loan (b)	26,912,727	24,842,032
Total Loan Facilities	$ 43,070,646	$ 48,370,033

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

(i) On February 26, 2013, the Company entered into a loan facility with Resource Capital Funds V L.P. (“RCF” or "the Lender"), which as of September 30, 2016 owns approximately 18.85% of the Company's common shares, in the aggregate principal amount of US$15.0 million (the “Facility”). The Facility was a one year bridge loan (the ”Bridge Loan”) which matured on February 25, 2014. Since the Facility was not repaid prior to the Bridge Loan maturity date, it automatically rolled into a convertible loan (the “Convertible Loan”) with a maturity date of December 31, 2015 which was then extended to June 30, 2016. On June 30, 2016 the Company entered into an amending agreement with the Lender to extend the terms of the the Convertible Loan. The Convertible Loan has been extended to December 31, 2017.The Convertible Loan may be converted into common shares of the Company at the option of RCF at a price of $0.34 cents per share (previously $0.45 cents per share) at any time subsequent to the Convertible Loan maturity date and prior to December 31, 2017 (the “Conversion Rights”). An extension fee of 2% of the principal amount of the Convertible Loan was paid to RCF in common shares of the Company with such shares valued using the volume weighted average trading price for the twenty days prior to June 30, 2016 (the "Extension Fee Shares"). All other terms and conditions of the Convertible Loan remain the same.

As the terms of the amendment to the Convertible Loan were substantially different from the terms of the existing Convertible Loan, the amendment is considered to be an extinguishment of the debt. As a result, a loss on debt extinguishment of $3.3 million was recorded for the difference between the carrying value of the Convertible Loan at the date of the amendment and the fair value of the cash flows under the amended terms. This loss on debt extinguishment includes the extension fee for the amendment. Subsequent to June 30, 2016 the Convertible Loan is carried at amortized cost using the effective interest rate method.

(Expressed in Canadian dollars, unless otherwise noted)

7. Loan Facilities (Continued)

Loan Facility	**September 30, 2016**	December 31, 2015
Balance, beginning of period	**$ 20,760,001**	**$ 16,761,797**
Foreign exchange (gain) loss	**(1,384,500)**	**3,281,329**
Accretion of loan facility	**-**	**716,875**
Extinguishment of Loan	**(19,375,501)**	**-**
Balance, end of period	**$ -**	**$ 20,760,001**
Amended loan facility (at inception)	**15,337,322**	**-**
Foreign exchange (gain) loss	**246,366**	**-**
Accretion of loan facility	**574,231**	**$ -**
Balance, end of period	**$ 16,157,919**	**$ -**

(ii) On June 30, 2015, the Company entered into a definitive agreement with Resource Capital Funds V L.P. ("RCF") for a US$2.0 million bridge loan facility (the "Facility") and had drawn down the aggregate principal amount available under the bridge loan facility (the "Drawdown").

Interest on the Facility was paid quarterly, in arrears, in common shares of Noront ("Common Shares") based on the volume-weighted average trading price of such Common Shares for the 20 days prior to the date of each interest period determination (subject to applicable minimum pricing requirements of the TSX Venture Exchange). An establishment fee of 2% of the principal amount of the Facility was paid to RCF in Common Shares, being 101,852 Common Shares (the "Establishment Fee Shares"). The Establishment Fee Shares were transferred to RCF on July 10, 2015. The Facility matured on December 31, 2015.

On January 14, 2016 the Company closed a Royalty Purchase Agreement and Loan Set-off and Satisfaction Agreement with RCF. The Royalty Purchase Agreement included the terms for the sale of a 1% Net Smelter Royalty (NSR) on the Eagle's Nest deposit for US$2.5 million. US$2.0 million of the proceeds were used to satisfy the Facility based on the terms of the Loan Set-off and Satisfaction Agreement.

Loan Facility	**September 30, 2016**	December 31, 2015
Balance, beginning of period	**$ 2,768,000**	**$ -**
Loan	**-**	**2,498,000**
Transaction costs	**-**	**(324,291)**
Foreign exchange loss	**106,600**	**270,000**
Accretion of loan facility	**-**	**324,291**
Repayment of Loan to RCF	**(2,874,600)**	**-**
Balance, end of period	**$ -**	**$ 2,768,000**

(iii) **Loan Facilities with Related Party - Resource Capital Funds V L.P.**

On January 11, 2016, the Company satisfied the payment of interest of $492,740 for the fourth quarter of 2015 through issuance of 1,240,846 common shares of the Company. The Interest Shares were subject to a four month hold period, which expired on May 11, 2016.

On January 14, 2016, the Company satisfied the payment of interest of $11,330 due on the US$2 million bridge loan for the period from January 1, 2016 to the date the debt was settled in full through issuance of 29,391 common shares of the Company. The Interest Shares were subject to a four month hold period, which expired on May 21, 2016.(see Note 7a(ii))

(Expressed in Canadian dollars, unless otherwise noted)

7. Loan Facilities (Continued)

On April 11, 2016, the Company satisfied the payment of interest of $388,980 for the first quarter of 2016 through issuance of 1,135,708 common shares of the Company. The Interest Shares are subject to a four month hold period, which expired on August 11, 2016.

On July 11, 2016, the Company satisfied the payment of interest of $388,050 for the second quarter of 2016 and the payment of the loan extension fee of $388,050 through issuance of 2,614,616 common shares of the Company. The Interest Shares and extension fee shares were subject to a four month hold period, which expired on November 12, 2016.

As at September 30, 2016, the Company accrued interest in the amount of $394,380 for the third quarter of 2016. On October 11, 2016, the Company satisfied the payment of interest of $394,380 through issuance of 1,331,414 common shares of the Company. The Interest Shares are subject to a four month hold period, which expires on February 12, 2017.

b) Long Facilities - Due to Franco-Nevada Corporation

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

In connection with the Long Term Loan, the Company granted Franco-Nevada certain royalties over the mineral properties acquired through the Cliffs Transaction (see Note 6 - Mineral Property).

	September 30, 2016	December 31, 2015
Balance, beginning of period	**$ 24,842,032**	**$ -**
Long Term Loan	**-**	**20,695,023**
Transaction costs	**-**	**(1,700,847)**
Foreign exchange (gain) loss	**(1,324,416)**	**2,999,832**
Accrued loan interest	**1,850,325**	**1,574,621**
Accretion of loan facility	**1,544,786**	**1,273,403**
Balance, end of period	**$ 26,912,727**	**$ 24,842,032**

c) Repayment Options

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

The fair value of the convertible feature under the terms of the Company’s convertible debt agreement prior to amendment declined to nil as at June 30, 2016 when the convertible feature was due to expire. This resulted in a gain on the re-measurement of the convertible feature of $2.2 million for the nine month period ended September 30, 2016 which was recognized in the statement of loss. Upon extinguishment of the liability for the pre-amendment convertible debt agreement and recognition of a new liability under the terms of the amended convertible debt agreement, the Company extinguished the pre-amendment conversion feature with a carrying value of nil.

(Expressed in Canadian dollars, unless otherwise noted)

8. Embedded Derivative

On December 30, 2015, the Company settled an advisory fee liability by issuing 2,446,552 shares at a deemed issue price of $0.46 per share. The agreement with the advisor included an embedded put option in favour of the advisor and a call option in favour of the Company (the "Options") on the Company's share price. The fair value assigned to these embedded derivatives were valued with the main inputs to the valuation being the historical prices of the Company's underlying stock in order to calculate the volatility and term of the options. The Company agreed to settle the embedded derivative for a cash payment of $0.4 million which was paid in September 2016.

9. Provision for Environmental Expenditure

McFauld's Lake and Butler Lake

The Company has established a provision of $1,550,572 and $ 204,357 representing the estimated present value of its future environmental expenditure for McFauld's Lake and Butler Lake respectivley. These costs are not expected to be incurred within the next twelve months.

The provision is based upon the following estimates and assumptions:

a) Total undiscounted future demobilization cost is $1,787,655 for McFaulds Lake (December 31, 2015 - $1,787,655) and $238,346 for Butler Lake.
b) Nominal risk-free pre-tax discount rate of 1.55% (December 31, 2015 - 2.03%)
c) Demobilization cost expected to be incurred in 10 years (December 31, 2015 - 10 years)

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

	September 30, 2016	December 31, 2015
Balance, beginning of period	**$ 1,491,868**	$ 1,467,096
Accretion expense for the period	**17,785**	29,683
Re-measurement of provision	**40,919**	(4,911)
	$ 1,550,572	$ 1,491,868
Buter Lake Provision Addition	**204,357**	-
Balance, September 30, 2016	**1,754,929**	1,491,868

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock

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

(b) Issued

	Number of Shares	Value
Balance, January 1, 2015	239,271,809	$ 170,711,698
Flow-through private placement, net of costs	6,359,218	2,831,989
Flow-through private placement, net of costs	2,907,575	945,655
Flow-through share premium	-	(368,395)
Issue of shares	2,496,552	870,666
Warrant allocation	-	(69,782)
Issue of interest shares	4,282,470	1,626,763
Exercise of options	539,999	207,433
Balance, December 31, 2015	255,857,623	$ 176,756,027
Prospectus Offering, net of costs (i) & (vi)	41,213,930	13,034,112
Private placement, net of costs (ii), (iv) & (vii)	7,029,167	2,486,003
Flow through share premium	-	(974,219)
Warrant allocation	-	(2,278,625)
Issue of shares (iii) & (v)	3,721,666	1,225,289
Issue of interest shares (Note **7**(a))	5,020,561	1,669,150
Exercise of options	841,666	239,677
Balance, September 30, 2016	**313,684,613**	$ 192,157,414

(i) On March 17, 2016, the Company closed a short-form prospectus offering raising gross proceeds of $6.3 million (net proceeds after transaction costs - $5.8 million) through the issuance of the maximum number of units ("Units") and flow-through units ("Flow-Through Units") under the base deal, as well as the exercise of the over-allotment option, by the Agent. Noront raised gross proceeds of $4.3 million from the sale of 12,301,492 Units at a price of $0.35 per Unit, with each such Unit consisting of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share at a price of $0.50 per share on or before March 16, 2019. The Company also raised gross proceeds of $2.0 million from the sale of 4,505,000 Flow-Through Units at a price of $0.45 per Flow-Through Unit, with each such Flow-Through Unit consisting of one flow-through common share ("FT Share") and one-half of one common share purchase warrant, each whole warrant entitling the holder to purchase one common share at a price of $0.55 per share on or before March 16, 2019. The FT Shares will be "flow-through" shares pursuant to the Income Tax Act (Canada). The Company also issued compensation units equal to 2% of units purchased under the offering ("Compensation Units") and compensation warrants equal to 5% of the total number of units purchased under the offering ("Compensation Warrants") to the agents.Each Compensation Unit consists of one common share and one common share purchase warrant which is exercisable into a common share at a price of $0.50 per share. Each Compensation Warrant issued pursuant to the unit offering entitles the holder to purchase one common share at a price of $0.35 per share and each Compensation Warrant issued pursuant to the flow-through offering entitles the holder to purchase one common share at a price of $0.45 per share on or before March 16, 2017.

(ii) On March 30, 2016, the Company closed a private placement financing raising total gross proceeds of $1.1 million (net proceeds after transaction costs - $1.1 million). The financing consisted of 1,500,000 units at a price of $0.35 per unit for gross proceeds of $0.5 million with each unit comprised of one common share and one common share purchase warrant (each warrant entitling the holder to purchase one common share at a price of $0.50 per share on or before March 29, 2019) and 1,366,667 flow-through units at a price of $0.45 per flow-through unit for gross proceeds of $0.6 million with each flow-through unit comprised of one flow-through share and one-half of one common share purchase warrant (each whole warrant entitling the holder to purchase one common share at a price of $0.55 per share on or before March 29, 2019).

10. Capital Stock (continued)

(iii) On April 13, 2016, the Company issued 1,403,273 common shares at a deemed issue price of $0.34 per share in satisfaction of legal advisory fees amounting to $0.5 million which were incurred in connection with the financing of the purchase of the Cliffs Chromite Assets which closed on April 28, 2015. The issued shares are subject to a four month hold period which expired on August 14, 2016.

(iv) On May 12 , 2016 the Company announced the closing of a private placement of 1,162,500 flow-through shares at a price of $0.40 per flow-through share for gross proceeds of $0.5 million. The Company intends to use the proceeds for its exploration program in the Ring of Fire. The flow-through shares will be "flow-through" shares pursuant to the Income Tax Act (Canada). The flow-through shares are subject to a statutory hold period of four months plus one day which will expire on September 13, 2016. In connection with the offering, the agents received a cash finder's fee equal to 5% of the gross proceeds of the Offering.

(v) On August 24, 2016 the Company announced the closing of the Mac Donald Mines property acquisition. The Company issued 2,318,393 common shares to MacDonald to earn a 75% interest in the property. This share-based payment transaction was measured at the fair value of the common shares issued ($750,000).

(vi) On September 23, 2016 the Company closed a short-form prospectus offering raising gross proceeds of $7.9 million. (net proceeds after transaction costs - $7.2 million) through the issuance of units ("Units") and flow-through units ("Flow-Through Units"). Noront raised gross proceeds of $6.3 million from the sale of 19,774,350 Units at a price of $0.32 per Unit, with each such unit consisting of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share at a price of $0.40 per share on or before September 23, 2019. The Company also raised gross proceeds of $1.5 million from the sale of 3,824,972 Flow-Through Units at a price of $0.40 per Flow-Through Unit, with each such Flow-Through Unit consisting of one flow-through common share ("FT Share") and one-half of one common share purchase warrant, each whole warrant entitling the holder to purchase one common share at a price of $0.50 per share on or before September 23, 2019. The FT Shares will be "flow-through" shares pursuant to the Income Tax Act (Canada). The Company also issued compensation units equal to 2% of units purchased under the offering ("Compensation Units") and agent warrants equal to 5% of the total number of units purchased under the offering ("Agent Warrants") to the agents. Each Compensation Unit consists of one common share and one common share purchase warrant which is exercisable into a common share at a price of $0.40 per share on or before September 23, 2019. Each Agent Warrant issued pursuant to the unit offering entitles the holder to acquire one common share at an exercise price equal to the unit offering price and the flow-through unit offering price per share on or before September 23, 2017.

(vii) On September 29, 2016 the Company announced the closing of a private placement of 3,000,000 units at a price of $0.32 per unit ("Units") for gross proceeds of $1.0 million. The Company intends to use the proceeds for development activities and working capital purposes. Each unit is comprised of one common share and one common share purchase warrant. each whole warrant entitling the holder to purchase one common share at a price of $0.40 per share on or before September 29, 2019. The common shares are subject to a statutory hold period of four months and one day which will expire on January 29, 2017.

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock (continued)

(c) Stock Options

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

For the three and nine months ended September 30, 2016, share-based compensation of $98,098 and $497,166 was charged to net income (for the three and nine months ended September 30, 2015 - $166,339 and $623,693) .

(i) On March 24, 2016, the Company granted 2,275,000 incentive stock options to directors and employees of the Company at an exercise price of $0.34. The share price on March 24, 2016 was $0.34.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	70.33%
Risk free interest rate	0.56%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $443,625.

(ii) On April 13, 2016, the Company granted 500,000 incentive stock options to employees of the Company at an exercise price of $0.33. The share price on April 13, 2016 was $0.33.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	70.60%
Risk free interest rate	0.57%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $95,000.

(iii) On July 5, 2016, the Company granted 416,253 incentive stock options to senior management of the Company at an exercise price of $0.31. The share price on July 5, 2016 was $0.31.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	70.70%
Risk free interest rate	0.49%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $74,509.

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock (Continued)

(c) Stock Options

The weighted-average remaining contractual life and weighted average exercise price of options outstanding and options exercisable as at September 30, 2016 are as follows:

Number of Stock Options Outstanding	Black-Scholes Value	Exercise Price	Remaining Contractual Life (Years)	Number of Stock Options Exercisable	Expiry Date
300,000	$ 179,400	$ 0.86	0.10	300,000	November 2016
200,000	108,800	$ 0.86	0.19	200,000	December 2016
1,700,000	557,600	$ 0.46	0.80	1,700,000	July 2017
300,000	70,200	$ 0.35	1.04	300,000	October 2017
3,916,667	528,750	$ 0.25	1.78	3,916,667	July 2018
3,000,000	450,000	$ 0.30	2.01	3,000,000	October 2018
2,471,667	210,092	$ 0.17	2.20	2,471,667	December 2018
1,300,000	401,700	$ 0.55	3.50	866,667	March 2020
1,500,000	367,500	$ 0.44	3.72	1,000,000	June 2020
300,000	59,100	$ 0.35	3.91	200,000	August 2020
2,275,000	443,625	$ 0.34	4.48	758,333	March 2021
500,000	95,000	$ 0.33	4.54	166,667	April 2021
416,253	74,509	$ 0.31	4.77	416,253	July 2021
18,179,587	**$ 3,546,276**	**$ 0.34**	**2.53**	**15,296,254**	

The following table summarizes the stock option transactions for the nine months ended September 30, 2016.

	Number of Options	Weighted-Average Exercise Price
January 1, 2015	**16,895,000**	$0.37
Granted	**3,300,000**	$0.48
Exercised	**(539,999)**	$0.26
Expired	**(150,000)**	$1.25
Forfeited	**(925,000)**	$0.27
December 31, 2015	**18,580,001**	$0.40
Granted	**3,191,253**	$0.33
Exercised	**(841,667)**	$0.20
Expired	**(2,500,000)**	$2.23
Forfeited	**(250,000)**	$0.16
Balance, September 30, 2016	**18,179,587**	$0.15

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock (Continued)

(d) Warrants

The following table lists the Company's warrants as at September 30, 2016. During the three and nine months ended September 30, 2016, no warrants expired.

	Number of Warrants	Weighted-Average Exercise Price
At December 31, 2015	1,453,787	$ 0.47
Prospectus and Private Placement Warrants	41,424,162	$ 0.51
Compensation Warrants	2,828,407	$ 0.41
Balance, September 30, 2016	**45,706,356**	$ 0.50

During the three months ended March 31, 2016, 15,730,446 warrants were issued as a result of the prospectus and 2,183,334 warrants were issued as a result of the private placement including compensation warrants. (See Note 10b(I) & (II)). During the three months ended September 30, 2016, 23,338,789 warrants were issued as a result of the prospectus and 3,000,000 warrants were issued as a result of the private placement including compensation warrants. (See Note 10b(vi) & (vii).

The fair value of the warrants were calculated using the following assumptions:

Warrants issued under March propectus	
Expected volatility	40%
Risk free interest rate	0.58%
Expected life	3 Years

Warrants issued to agents	
Expected volatility	40%
Risk free interest rate	0.58%
Expected life	1 Years

Warrants issued under March private placement	
Expected volatility	40%
Risk free interest rate	0.56%
Expected life	3 Years

Warrants issued under September propectus	
Expected volatility	50%
Risk free interest rate	0.52%
Expected life	3 Years

Warrants issued to agents	
Expected volatility	50%
Risk free interest rate	0.52%
Expected life	1 Years

Warrants issued under September private placement	
Expected volatility	50%
Risk free interest rate	0.51%
Expected life	3 Years

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock (Continued)

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

For the three and nine months ended September 30, 2016, share-based compensation of $22,863 and $122,381 was charged to net income for PSUs and RSUs (three and nine months ended September 30, 2015 - $17,662 and $52,416) .

The following tables list the Company's PSUs and RSUs as at September 30, 2016. During the three and nine months ended September 30, 2016, no PSUs or RSUs expired.

Performance Share Units	Number of PSUs	Fair Value	Expected Life
At September 30, 2016 and December 31, 2015	**3,000,000**	**$ 455,095**	5 years

Restricted Share Units	Number of RSUs	Fair Value	Expected Life
At September 30, 2016 and December 31, 2015	**335,000**	**$ 77,050**	2 years

11. Loss Per Share

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Loss attributable to common shareholders	**$ (2,007,517)**	$ (3,375,793)	**$ (5,823,699)**	$ (11,633,903)
Weighted average shares outstanding - basic and diluted	**286,778,813**	$ 243,806,764	**275,770,991**	241,852,024
Loss per share - basic and diluted	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.05)

As a result of the net loss for the three and nine months ended September 30, 2016 and 2015, the potential effects of the exercise of stock options and the conversion of the RCF loan facility were anti-dilutive. Thus, basic loss per share and diluted loss per share are equal for these periods.

(Expressed in Canadian dollars, unless otherwise noted)

12. Commitments and Contingencies

a) Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As at September 30, 2016, the Company is committed to incurring approximately $2.6 million in Canadian Exploration Expenditures by December 31, 2017.

b) Under the terms of leases including Noront's mining lease, office space, vehicles and equipment, the Company is obligated to minimum annual rent and lease payments of $116,017 in 2016, $425,465 in 2017, $45,559 in 2018, $12,301 in 2019, $12,301 in 2020 and $159,913 due in 2021.

c) As at September 30, 2016, the Company currently has agreements with several contractors that include provisions where the contractors provide up-front time with the understanding that if the Eagle's Nest Project proceeds into the construction stage, they will be granted a contract for the agreed scope of services. In some cases, the constructor may be reimbursed for the time incurred, or an amount agreed up front, if the Project does not go ahead. As at September 30, 2016, the amount of this contingent liability is approximately $250,000.

13. Compensation of Key Management

	Three Months Ended		Nine Months Ended	
	September 30 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Salaries, benefits and directors' fees	**$ 366,257**	$ 422,631	**$ 975,249**	$ 1,550,676
Share-based compensation	**124,570**	147,034	**626,460**	612,612
	$ 490,827	$ 569,665	**$ 1,601,709**	$ 2,163,288

Key management includes the 7 directors and 6 members of the executive management team (three and nine months ended September 30, 2015 - 7 directors and 6 members of the executive management team). Three members of key management are allocated to Development and Exploration Expenditures under Owner's Costs and three members of key management and the directors are included in Office and General. At September 30, 2015 bonuses and directors fees were included in Salaries, benefits and director's fees. Director's fees were suspended in Q1 2016 and for two months of Q2 2016; there were no bonus accruals at September 30, 2016

14. Supplementary Expense Information

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
a) Development and Exploration Expenditures				
Owner's Costs	**$ 163,563**	$ 427,516	**$ 481,314**	$ 1,309,946
Camp Operations & Exploration Expense	**1,519,801**	574,215	**4,113,617**	1,648,603
Permitting	**140,242**	127,441	**205,435**	441,800
Engineering/Site & Road Geotechnical	**-**	83,726	**-**	357,403
Other	**-**	-	**-**	8,480
	$ 1,823,606	$ 1,212,898	**$ 4,800,366**	$ 3,766,232

Included in development and exploration expenditures expenses for the three and nine months ended September 30, 2016 is $634,607 and $1,820,557 of salaries and benefits (three and nine months ended September 30, 2015 - $520,385 and $1,618,367) and $163,010 and $335,014 of fuel expenses (three and nine months ended September 30, 2015 - $59,996 and $200,959).

(Expressed in Canadian dollars, unless otherwise noted)

14. Supplementary Expense Information (continued)

b) Office and General:

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Salaries, benefits and directors' fees	**$ 341,223**	$ 388,476	**$ 850,757**	$ 1,434,647
Donations & sponsorships	**8,164**	39,890	**29,714**	120,578
Administrative and other expenses	**173,146**	203,571	**539,825**	633,091
Professional fees	**89,028**	258,294	**256,401**	802,389
Communications & travel	**62,898**	44,310	**173,510**	223,125
	$ 674,459	$ 934,541	**$ 1,850,207**	$ 3,213,830

15. Subsequent Events

On November 1, 2016 the Company announced the closing of a private placement of 9,299,666 flow-through shares at a price of $0.30 per flow-through share for gross proceeds of $2.8 million. The Company intends to use the proceeds for its exploration program in the Ring of Fire. The flow-through shares will be “flow-through” shares pursuant to the Income Tax Act (Canada). The flow-through shares are subject to a statutory hold period of four months plus one day which will expire on March 1, 2017. In connection with the offering, the agents received a cash finder’s fee equal to 5% of the gross proceeds of the Flow-Through Unit Offering. The Company is committed to incurring $2.8 million in Canadian Exploration Expenditures by December 31, 2017.