CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016 AND YEAR ENDED DECEMBER 31 2015

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Noront Resources Ltd. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to these consolidated financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements 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, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements 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 in the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the consolidated financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) *"Alan Coutts"*
Alan Coutts
President & Chief Executive Officer

(Signed) *"Greg Rieveley"*
Greg Rieveley, CPA, CA
Chief Financial Officer

April 10, 2017

Independent Auditor's Report

To the Shareholders of
Noront Resources Ltd.

We have audited the accompanying consolidated financial statements of Noront Resources Ltd. and its subsidiaries, which comprise the consolidated financial position as at December 31, 2016 and December 31, 2015 and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Noront Resources Ltd. and its subsidiaries as at December 31, 2016 and December 31, 2015 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that cast significant doubt about the corporation's ability to continue as a going concern.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

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

	Note	As at December 31, 2016	As at December 31, 2015
Assets			
Current Assets			
Cash and cash equivalents	7	$ 11,480,077	$ 3,099,297
Taxes and other receivables		129,760	275,162
Supplies inventory		226,878	135,885
Prepaid expenses		104,634	188,438
Total Current Assets		$ 11,941,349	$ 3,698,782
Non-Current Assets			
Equipment	8	1,614,692	1,839,623
Mineral properties	9	25,418,065	26,092,812
Investments		240,600	240,600
Total Non-Current Assets		$ 27,273,357	$ 28,173,035
Total Assets		$ 39,214,706	$ 31,871,817
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	10	$ 1,397,458	$ 3,038,492
Loan Facilities - due to Resource Capital Funds V L.P.	11a	17,174,433	23,528,001
Repayment option	11c	2,144,371	2,162,256
Embedded derivative	12	-	274,748
Flow-through share liability	14b	813,267	283,355
Total Current Liabilities		21,529,529	29,286,852
Non-Current Liabilities			
Provision for environmental obligations	13	1,662,031	1,491,868
Loan Facilities - due to Franco-Nevada Corporation	11b	28,750,976	24,842,032
Total Non-Current Liabilities		$ 30,413,007	$ 26,333,900
Total Liabilities		$ 51,942,536	$ 55,620,752
Shareholders' Deficit			
Capital stock	14b	$ 194,758,699	$ 176,756,027
Warrants	14d	2,334,489	62,859
Contributed surplus		35,343,243	34,616,275
Deficit		(245,164,261)	(235,184,096)
Total Shareholders' Deficit		$ (12,727,830)	$ (23,748,935)
Total Shareholders' Deficit and Liabilities		$ 39,214,706	$ 31,871,817

Nature of Business and Going Concern (Note 1)
Commitments and Contingencies (Note 17)

Approved on behalf of the Board of Directors: **(Signed) *"Paul Parisotto"*** **Director** **(Signed) *"Darren Blasutti"*** **Director**

NORONT

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

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

	Note	Year Ended December 31, 2016	December 31, 2015
Expenses			
Development and exploration expenditures	**19a**	**$ 6,133,340**	$ 5,014,244
Office and general	**19b**	**2,851,688**	4,127,891
Amortization		**391,388**	485,848
Share-based compensation	**14c,e**	**813,510**	919,633
Loss before finance items and other gains		**$ (10,189,926)**	$ (10,547,616)
Interest income		**34,983**	17,105
Finance expense		**(4,257,152)**	(3,316,542)
Flow-through share premium		**909,291**	85,040
Gain on sale of investments		**-**	141,680
Loss on loan extinguishment	**11a(i)**	**(3,339,422)**	-
Gain on sale of royalty	**11a(ii)**	**2,057,046**	4,149,462
Accretion expense		**(3,313,630)**	(2,352,043)
Re-measurement of repayment option	**11c**	**6,952,319**	(1,278,462)
Re-measurement of embedded derivative	**12**	**(133,972)**	-
Foreign exchange gain (loss)		**1,277,798**	(6,329,415)
Other		**22,500**	-
Net loss and comprehensive loss		**$ (9,980,165)**	$ (19,430,791)
Loss per share - basic and diluted	**16**	**$ (0.03)**	$ (0.08)

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

Noront Resources Ltd.
Consolidated Statement of Changes in Shareholders' Deficit
(Expressed in Canadian dollars, unless otherwise indicated)

	Common Shares	Capital Stock	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	11,763,345	4,578,528	-	-	-	4,578,528
Exercise of options	539,999	207,433	-	(73,967)	-	133,466
Issuance of interest shares	4,282,470	1,626,763	-	-	-	1,626,763
Issue of warrants	-	-	62,859	-	-	62,859
Flow-through share premium	-	(368,395)	-	-	-	(368,395)
Share-based compensation	-	-	-	919,633	-	919,633
Net loss for the year	-	-	-	-	(19,430,791)	(19,430,791)
Balance, December 31, 2015	**255,857,623**	**$ 176,756,027**	**$ 62,859**	**$ 34,616,275**	**$ (235,184,096)**	**$ (23,748,935)**

	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 14b)	61,341,429	17,124,720	-	-	-	17,124,720
Flow-through share premium	-	(1,439,203)	-	-	-	(1,439,203)
Exercise of options	841,666	253,625	-	(86,542)	-	167,083
Issue of Warrants	-	-	2,271,630	-	-	2,271,630
Issuance of interest shares (Note 11,14b)	6,351,975	2,063,530	-	-	-	2,063,530
Share-based compensation (Note 14c,e)	-	-	-	813,510	-	813,510
Net loss for the year	-	-	-	-	(9,980,165)	(9,980,165)
Balance, December 31, 2016	**324,392,693**	**$ 194,758,699**	**$ 2,334,489**	**$ 35,343,243**	**$ (245,164,261)**	**$ (12,727,830)**

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

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

	Note	Year Ended December 31, 2016	December 31, 2015
Operating activities			
Net loss for the year		**$ (9,980,165)**	$ (19,430,791)
Amortization		**391,388**	485,848
Share-based compensation	**14c,e**	**813,510**	919,633
Accretion expense		**3,313,630**	2,352,043
Flow-Through share premium		**(909,291)**	(85,040)
Issuance of interest and extension fees shares		**2,126,717**	1,646,763
Re-measurement of repayment option		**(6,952,319)**	1,278,462
Settlement of embedded derivative		**133,972**	-
Accrued interest on long term debt	**11b**	**2,494,491**	1,574,621
Loss on loan extinguishment		**2,919,571**	-
Write off Cliff's remediation		**(22,500)**	-
Gain on sale of Investments		**-**	(141,680)
Gain on sale of royalty	**11a(ii)**	**(2,057,046)**	(4,149,462)
Unrealized foreign exchange (gain)/loss		**(1,279,305)**	6,629,663
Net change in non-cash working capital:			
Taxes and other receivables		**145,402**	(211,182)
Supplies inventory		**(90,993)**	(79,264)
Prepaid expenses		**83,804**	(19,615)
Accounts payable and accrued liabilities		**(451,711)**	901,075
Flow-Through proceeds on sale of tax benefits		**1,439,203**	368,395
Net cash used in operating activities		**$ (7,881,642)**	$ (7,960,531)
Investing activities			
Acquisition of mineral properties including transaction costs		**(545,175)**	(33,244,936)
Acquisition of Investments		**-**	(454,350)
Acquisition of equipment		**(30,151)**	(44,972)
Proceeds on sale of royalties, net of costs		**621,099**	13,583,284
Proceeds on disposal of securities		**-**	355,430
Net cash provided by (used in) investing activities		**$ 45,773**	$ (19,805,544)
Financing activities			
Proceeds from exercise of options		**167,083**	133,466
Loan facility, net of costs	**11a(ii)**	**(254,518)**	2,428,226
Long term loan, net of costs		**(22,778)**	20,097,453
Prospectus equity issuance, net of costs and sale of tax benefits		**12,280,568**	-
Private placement, net of costs and sale of tax benefits		**4,463,505**	3,409,001
Settlement of embedded derivative		**(408,720)**	**-**
Finance lease		**(1,990)**	(24,404)
Net cash provided by financing activities		**$ 16,223,150**	$ 26,043,742
Change in cash and cash equivalents		**$ 8,387,281**	$ (1,722,333)
Effect of foreign exchange rates on cash and cash equivalents		**(6,501)**	18,385
Cash and cash equivalents, beginning of period		**3,099,297**	4,803,245
Cash and cash equivalents, end of period		**$ 11,480,077**	$ 3,099,297

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 consolidated 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 from December 31, 2016. At December 31, 2016, the Company had not yet achieved profitable operations, had an accumulated deficit of $245.2 million since inception (December 31, 2015, – $235.2 million) and expects to incur further losses in the development of its business, and had a net working capital deficit of $(6.6) million as a result of the $17.2 million convertible loan facility which is due on December 31, 2017. Net working capital includes all current assets and current liabilities, excluding the non-cash repayment option of $2.1 million and the flow-through share liability of $0.8 million. The Company also has a flow-through commitment to spend $4.2 million on Canadian Exploration Expenditures by December 31, 2017. The Company will need to raise funds, negotiate an extension on the terms of its convertible loan facility or the holder has to convert the loan to equity as it does not have the cash nor cash flow to repay the facility.

The Company’s ability to continue as a going concern is dependent upon its ability to repay or refinance its long term debt facilities, obtain the necessary financing to meet its ongoing corporate overhead expenditures as well as advance the exploration of its claims and development of its projects in the Ring of Fire. During the year ended December 31, 2016 the Company completed equity offerings with gross proceeds of $14.2 million and private placements with gross proceeds of $5.4 million to fund exploration, development 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 consolidated 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 consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements have been prepared on a going concern basis, under historical cost convention, except for certain financial instruments that have been measured at fair value. The principal accounting policies and critical estimate and judgments, used when compiling these consolidated financial statements are set out below. These consolidated financial statements were approved by the Board of Directors on April 10, 2017.

3. Significant Accounting Policies

a) Principles of Consolidation

These consolidated financial statements include the accounts of Noront Resources Ltd. and its wholly-owned subsidiaries, Noront Resources 2008 Ltd., Noront Mexico S.A de C.V. and Noront Muketei Minerals Ltd (NMM). NMM was formed as result of the acquisition of chromite assets. All intercompany balances and transactions have been eliminated upon consolidation.

b) Functional and Presentation Currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"), which was determined to be Canadian dollars for all entities including the new subsidiary, NMM, that has expenses primarily in Canadian dollars. The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. Transactions in currencies other than the Canadian dollar are translated at rates of exchange at the time of the transactions as follows:

i) Monetary assets and liabilities are translated at current rates of exchange with the resulting gains or losses recorded in foreign exchange gain/loss in the statement of loss and comprehensive loss;

ii) Non-monetary items are translated at historical exchange rates;

iii) Expense items are translated at the average rates of exchange with any gains or losses recognized within foreign exchange gain/loss in the statements of loss and comprehensive loss.

c) Cash and Cash Equivalents

Cash and cash equivalents have original maturities of less than 90 days.

d) 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 option.

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 consolidated 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

The repayment option and the embedded derivative are measured at fair value and classified as Level 2 (Note 11c and Note 12.)

Investments are classified as Level 3.

3. Significant Accounting Policies (Continued)

Financial liabilities classified as other financial liabilities are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities and the loan facilities are classified as other financial liabilities. Other financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date. The carrying value of the Company's accounts payable and accrued liabilities and loan facilities with RCF approximates the fair values of those financial instruments, due to the short-term maturity of such instruments. The carrying values of the Company's loan facility with Franco-Nevada Corporation, exclusive of transaction costs, approximate fair value as there has not been a significant change in circumstances since this facility was recorded at fair value on initial recognition.

e) Taxes and Other Receivables

Taxes and other receivables consists primarily of HST receivable from government authorities in Canada in respect of the Company's expenses and cost reimbursement from third parties.

f) Supplies Inventory

Supplies inventory is comprised of diesel fuel and jet fuel and is valued at the lower of cost and net realizable value. Cost includes the cost of fuel and transportation to ship the supplies inventory to the site and is determined using the first-in, first-out method. Net realizable value is the estimated selling price to a third party in the event the Company would need to dispose of the fuel.

g) Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment loss. Amortization is provided over the related assets' estimated useful life using the declining balance method of amortization at a rate of 50%.

h) Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment loss. Amortization is provided over the related assets' estimated useful lives using the following methods and annual rates:

Equipment	20% - 30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	20% declining balance

i) Mineral Properties, Development and Exploration Expenditures

Mineral property acquisition costs are capitalized and the balance is written off should the property be disproven by exploration or abandoned. These assets are recorded at cost. The carrying value of these assets is dependent, among other things upon: the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties. The assets are evaluated each quarter for indications of impairment or when events occur that would require assessment.

Where the Company considers that there is an impairment indicator such as significant decrease in resource and reserve estimates, expiration or permanent cancellation of rights, impairment is assessed and if necessary, recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to dispose or value in use. An impairment loss is recognized whenever the carrying amount of these assets or its cash generating unit (which is the property) exceeds its recoverable amount. Impairment losses are recorded in the consolidated statement of net loss.

Development and exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Development expenditures are the costs related to the technical, environmental, permitting and consultation in support of the Company's pre-development work.

All development and exploration expenditures are expensed as incurred. Development and exploration expenditures will be capitalized when management determines that future economic benefits will be generated as a result of the expenditures.

3. Significant Accounting Policies (Continued)

j) Sale of Royalties on a Mineral Property

The sale of royalties on a mineral property are recorded as a reduction in the carrying value of the mineral property. Any excess proceeds on the sale of royalties over the carrying value of the mineral property are recorded as a gain on sale of royalties and reflected on the statement of loss and comprehensive loss. The reduction in the carrying value of the mineral property or the gain on sale of royalties is recorded net of transaction costs.

k) Leases

Leases of property, plant and equipment are classified as finance leases when the lessee retains substantially all of the risks and rewards of ownership. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Finance leases are capitalized at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding lease obligations, net of finance charges, are recorded as interest-bearing liabilities. Each lease payment is allocated between liability and finance cost when paid.

l) Provision for Environmental Obligations

Both legal and constructive obligations associated with the retirement of long-lived assets are recorded as a provision for environmental expenditure when there is a probability of an outflow of resources embodying economic benefits to settle the obligation. The amount of the provision is measured at the best estimate of the expenditure needed to settle the present obligation. It is possible that the Company's estimates of its provision for environmental expenditure could change as a result of changes in regulations, the extent of environmental remediation required and the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period these estimates are revised.

Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, the Company's environmental policies which give rise to constructive obligations. The cash flows are discounted using the current real risk-free pre-tax discount rate.

m) Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. The Company's joint ventures consist of jointly controlled assets ("JCAs"). The balances related to JCA's are not material.

A JCA is a joint venture in which the venturers have joint control and ownership over the assets contributed to or acquired for the purposes of the joint venture. JCAs do not involve the establishment of a corporation, partnership or other entity. The participants in a JCA derive benefit from the joint activity through a share of production and bears an agreed share of expenses incurred as opposed to receiving a share of the net operating results. The Company's proportionate interest in the assets, liabilities, expenses, and cash flows of the JCAs are incorporated into the consolidated financial statements under the appropriate headings.

n) Loss per Common Share

The basic loss per share is calculated based upon the weighted-average number of common shares outstanding during the period. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

3. Significant Accounting Policies (Continued)

o) Share-based Compensation

The Company grants stock options, performance share units and restricted share units to certain employees and non-employees under the terms of the Company's Stock Option Plan or Share Awards Plan.

Stock options: Each tranche in an option award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires estimates for the expected life of options and stock price volatility which can materially affect the fair value estimate. Volatility and expected life of option is estimated based on an analysis of factors such as the Company's historical price trends, history of option holder activity, and peer and industry benchmarks for similar transactions.

Performance share units: The fair value of each tranche is measured at the date of grant using a method incorporating the current market value of the underlying common shares, the performance conditions and the vesting provisions.

Restricted share units: The fair value of restricted share units are based on the terms of the individual tranche incorporating the market price of the underlying common shares and vesting terms.

Share-based compensation expense is recognized over the vesting period of the grant by increasing contributed surplus based on the number of awards expected to vest. This number is reviewed at least annually, with any change in estimate recognized immediately in share-based compensation expense with a corresponding adjustment to contributed surplus.

p) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying values of assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be used.

The determination of the ability of the Company to use tax loss carry-forwards to offset deferred tax payable involves judgment and certain assumptions about the future performance of the Company. Assessment is required about whether it is "probable" that the Company will benefit from the prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of using the losses.

q) Flow-through Shares

The Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the flow-through common shares are offered. The allocation is made based on the difference ("premium") between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors and is then derecognized in the period the eligible expenditures are incurred, which is recorded in the consolidated statement of loss.

r) Segment Disclosure

The Company's chief operating decision maker is responsible for allocating resources and assessing performance of the operations according to strategic decisions. The Company's operations comprise of a reporting segment engaged in the exploration and development of minerals in Canada.

3. Significant Accounting Policies (Continued)

s) New Accounting Standards Issued But Not Yet Applied

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement.

While the Company has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AfS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

The other financial assets held by the Company include:

- equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under IFRS 9, and
- debt instruments currently classified as held-to-maturity and measured at amortized cost which appear to meet the conditions for classification at amortized cost under IFRS 9.

Accordingly, the Company does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, lease receivables, loan commitments and certain financial guarantee contracts. While the Company has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The standard must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

The Company does not intend to adopt IFRS 9 before its mandatory date.

3. Significant Accounting Policies (Continued)

s) New Accounting Standards Issued But Not Yet Applied (Continued)

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Company's operating leases. The Company's non-cancellable operating lease commitments as at reporting date are disclosed in Note 17. The Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date.

Disclosure Initiative – Amendments to IAS 7 Statement of cash flows

In January 2016, the International Accounting Standards Board (IASB) issued an introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved

Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealized exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities.

The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

The standard is mandatory for financial years commencing on or after 1 January 2017. At this stage, the Company has not yet adopted the standard. When the Company first applies the amendment, it will not be required to provide comparative information in respect of preceding periods.

3. Significant Accounting Policies (Continued)

t) Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate, but are not limited to, the following:

Mineral Properties

Noront capitalizes mining property acquisition costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. On an ongoing basis, the Company evaluates deferred expenditures relating to each property to assess whether there has been impairment in value. The Company recognizes write-downs for impairment where the carrying value of the mining property exceeds its estimated long term net recoverable value. Recoverable value is estimated based upon the Company's assessment of the future probability of positive cash flows from the property, current exploration results for properties without a defined resource or estimated proceeds from a potential sale of the property.

Provision for Environmental Obligations

The Company has a provision for future environmental expenditures. The Company records the fair value of this provision as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The fair value of the provision is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. Subsequent to the initial measurement of the provision for environmental expenditure, the provision is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the provision. If the provision is settled for other than its carrying amount, the Company will recognize a gain or loss on settlement.

Stock Options, Warrants and Embedded Derivatives

The Black-Scholes option valuation model used by the Company to determine fair values for stock-based compensation was developed for use in estimating the fair value of freely traded options. This model requires input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

Repayment Option

The Company's convertible debt agreement contains an embedded derivative related to the Lender's convertible feature ("Repayment Option"). The fair value assigned to the Repayment Option uses level 2 assumptions with the main inputs to the valuation being credit spread of the Company, historical prices of the underlying stock, USD discount curve and CAD/USD foreign exchange rates. The most significant assumption regarding the lender's convertible feature is the probability of the loan being repaid prior to reaching the conversion date. This was estimated by obtaining credit spreads for an index of comparable companies residing in the same industry, which has an impact on the probability that the bridge loan will be repaid at maturity. Refer to Note 11c for further information on the Repayment Option.

3. Significant Accounting Policies (Continued)

t) Critical Accounting Estimates and Judgments (Continued)

Loan Facility and Royalty Interests

The Company granted royalty interests on the mineral claims it acquired through the acquisition of certain subsidiary companies of Cliffs Natural Resources (the “Royalty Interests”). These Royalty Interests are over potential future projects which have not yet been defined. As a result, the Company has determined the fair value of the Royalty Interests by estimating the fair value of the consideration received. The Company received what management considers to be a below market loan as consideration for the royalty interests. Management estimated the fair value of the Royalty Interests by calculating the difference between the present value of the future payment stream using management's estimate of a market interest rate of approximately 15% and the face value of the loan being USD$25 million and the stated interest rate of the loan (7%). The loan was also initially recorded at its fair value as determined by the above fair value calculation. See note 11(b).

Asset Acquisition

The assessment of whether an acquisition meets the definition of a business, or whether assets are acquired is an area of key judgment. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. Any excess of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The acquisition of a business generally has three elements:

Input – an economic resource that creates outputs when one or more processes are applied to it;
Process – a system, standard, protocol, convention or rule that when applied to an input or inputs, creates outputs;
Output – the result of inputs and processes applied to those inputs.

The acquisition of chromite assets during the prior year is accounted for in these consolidated financial statements as an asset acquisition since the process and output elements of a business combination were not present at the acquisition date. The acquired assets are recorded at fair value on the acquisition date.

4. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its capital stock, warrant, and option components of its shareholders' equity.

The properties in which the Company currently has an interest are in the early development and early exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned development activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

i) minimizing discretionary disbursements;
ii) reducing or eliminating expenditures which are of limited strategic value; and
iii) exploring alternate sources of liquidity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

5. Property and Financial Risk Factors

a) Property Risk

The Company's major mineral property is the McFauld's Lake Property in the "Ring of Fire" (Note 9). Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon its existing property. Any adverse development affecting the Company's major mineral property would have a materially adverse effect on the Company's financial condition and results of operations.

b) Financial Risk

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents consist of cash on hand, term deposits and savings accounts with reputable financial institutions with strong credit ratings which are closely monitored by management.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company had cash and cash equivalents and taxes receivable balances of $11,609,837 (December 31, 2015 - $3,374,459) to settle current liabilities of $21,529,529 (December 31, 2015 - $29,286,852) which includes a loan facility of $17,174,433 and a repayment option of $2,144,371. The loan is convertible into equity with a conversion price of $0.34 per share at the option of RCF anytime prior to December 31, 2017. All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company remains dependent upon financing from capital markets, RCF converting its loan facility to equity or the Company's ability to repay or refinance the convertible loan (see Note 1).

5. Property and Financial Risk Factors (Continued)

b) Financial Risk

Market Risk

Market risk is the risk of loss that might arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest Rate Risk

The Company has cash balances and a loan facility with a fixed interest rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates and deposit accounts managed by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

ii) Foreign Currency Risk

The Company is exposed to foreign currency risk as a result of the loan facility held in a currency other than its functional currency, the Canadian dollar. The majority of the Company's expenses are denominated in Canadian dollars. The Company does not currently have any plans for exploration or development activities in foreign jurisdictions.

At December 31, 2016, the Company had monetary assets and liabilities denominated in U.S. dollars as follows:

	December 31, 2016	December 31, 2015
Cash	**US $ 79,001**	$ 82,096
Loan Facilities	**US $ (36,873,749)**	(42,000,000)
	US $ (36,794,748)	$ (41,917,904)

iii) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices as it relates to the value and the future outlook of the Company's mineral properties and equity prices to determine the appropriate course of action to be taken for current and future projects.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period.

i) The Company has cash balances and a loan facility in foreign currencies that give rise to exposure to foreign exchange risk. Sensitivity to a 1% change in the foreign currency exchange rate would have affected the net loss by approximately $0.4 million for the year ended December 31, 2016 (December 31, 2015 - $0.5 million).

ii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of minerals may be produced in the future, a profitable market will exist for them. As of December 31, 2016, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(Expressed in Canadian dollars, unless otherwise noted)

6. Acquisition of Chromite Assets

On April 28, 2015, the Québec Superior Court granted an approval and vesting order (the "Order") for the acquisition by the Company of the shares of Cliffs Chromite Ontario Inc. (CCOI) and Cliffs Chromite Far North Inc. (CCFNI), both indirect wholly owned subsidiaries of Cliffs Natural Resources Inc. for a purchase price of USD$27.5 million (CAD$33.1 million) (the "Transaction").

To finance the Transaction, concurrently with the execution of the revised share purchase agreement, the Company entered into a loan agreement with Franco-Nevada Corporation (Franco-Nevada) through which Franco-Nevada loaned USD$25 million to Noront for a five-year period at a 7% interest rate with interest to be accrued and paid at the end of the loan term. In return, Franco-Nevada received a 3% royalty over the Black Thor deposit and a 2% royalty over all of the Company's other deposits, excluding its interest in the Big Daddy and McFauld's Lake volcanic massive sulphide (VMS), copper and zinc deposit. The loan is secured against the CCOI and CCFNI assets acquired in connection with the Transaction. In addition, Noront received from Franco-Nevada USD$3.5 million (CAD$4.2 million) in cash consideration as part of the granting of the royalty over the existing Noront property in the region with the exception of Eagle's Nest, which is excluded. As a result of the Transaction, the Company also acquired a 13.8% equity ownership of KWG Resources Inc.

The acquisition of the chromite assets has been accounted for as an asset acquisition and the transaction costs incurred by the Company have been capitalized.

The purchase price was allocated as follows:

	USD	CAD
Taxes receivable	**$ 6,581**	$ 7,918
Marketable securities	**377,681**	454,350
Mineral properties	**27,331,473**	32,879,762
Fixed asset	**37,383**	44,972
Lease obligation	**(253,118)**	(304,501)
	$ 27,500,000	$ 33,082,501

The sale of the 3% royalty over the Black Thor deposit and 2% royalty over all of Noront's other deposits in the region with the exception of the Big Daddy deposit, was recorded as a reduction in the carrying value of the mineral property in the amount of CAD$9,379,977 (See Note 11).

The USD$3.5 million sale of the royalty over the existing Noront property, excluding Eagle's Nest, was recorded as a gain on sale of royalty and reflected on the statement of loss, net of transaction costs, in the amount of CAD$4,149,462.

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:	December 31, 2016	December 31, 2015
Cash deposits	**$ 11,376,173**	$ 2,996,410
Guaranteed investment certificate	**103,904**	102,887
	$ 11,480,077	$ 3,099,297

(Expressed in Canadian dollars, unless otherwise noted)

8. Equipment

December 31, 2016	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 4,675,842	$ 115,027	$ 200,287	$ 4,991,156
Accumulated Amortization	(3,094,727)	(98,538)	(183,199)	(3,376,464)
Closing Net Book Value	$ 1,581,115	$ 16,489	$ 17,088	$ 1,614,692
Opening Net Book Value	$ 1,797,652	$ 20,611	$ 21,360	$ 1,839,623
Additions[1]	234,509	-	-	234,509
Re-measurement of provision [2]	(68,050)	-	-	(68,050)
Amortization	(382,996)	(4,122)	(4,272)	(391,390)
Closing Net Book Value	$ 1,581,115	$ 16,489	$ 17,088	$ 1,614,692

December 31, 2015	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 4,509,385	$ 115,027	$ 200,287	$ 4,824,699
Accumulated Amortization	(2,711,733)	(94,416)	(178,927)	(2,985,076)
Closing Net Book Value	$ 1,797,652	$ 20,611	$ 21,360	$ 1,839,623
Opening Net Book Value	$ 2,232,945	$ 25,764	$ 26,700	$ 2,285,409
Additions	44,972	-	-	44,972
Remeasurement of provision [2]	(4,911)	-	-	(4,911)
Amortization	(475,354)	(5,153)	(5,340)	(485,847)
Closing Net Book Value	$ 1,797,652	$ 20,611	$ 21,360	$ 1,839,623

[1]Included in additions for the year ended December 31, 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 13.

(Expressed in Canadian dollars, unless otherwise noted)

9. Mineral Properties

		December 31, 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	**-**	-
	Acquisition of mineral assets	**750,000**	-
	Acquisition costs	**13,357**	-
	Sale of 1% NSR royalty to RCF	**763,357**	-
		$ 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 held by third parties.

(Expressed in Canadian dollars, unless otherwise noted)

9. Mineral Properties (Continued)

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.

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.

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilites consist of:		**December 31, 2016**	December 31, 2015
Accounts payable		**$ 395,735**	$ 1,747,772
Accrued liabilities		**598,493**	797,980
Accrued interest payable	**11(a)(iii)**	**403,230**	492,740
		$ 1,397,458	$ 3,038,492

11. Loan Facilities

	December 31, 2016	December 31, 2015
Current portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	**17,174,433**	**$ 20,760,001**
Repayment option (c)	**2,144,371**	**2,162,256**
Debt agreement with related party - June 30, 2015 (a)(ii)	**-**	**2,768,000**
	19,318,804	**25,690,257**
Long term portion of loan facilities		
Long term loan (b)	**28,750,976**	**24,842,032**
Total Loan Facilities	**$ 48,069,780**	**$ 50,532,289**

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 December 31, 2016 owns approximately 18.64% 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)

11. Loan Facilities (Continued)

Loan Facilities	December 31, 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	652,340	-
Accretion of loan facility	1,184,771	-
Balance, end of period	$ 17,174,433	$ -

(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. See Note 10 - Mineral Property.

Loan Facility	December 31, 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

(Expressed in Canadian dollars, unless otherwise noted)

11. Loan Facilities (Continued)

(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))

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.

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 expired on February 12, 2017.

As at December 31, 2016, the Company accrued interest in the amount of $403,230 for the fourth quarter of 2016. On January 13, 2017, the Company satisfied the payment of interest of $403,230 through issuance of 1,636,383 common shares of the Company. The Interest Shares are subject to a four month hold period, which expires on May 14, 2017.

b) Loan 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 9 - Mineral Properties).

	December 31, 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	**(680,549)**	**2,999,832**
Accrued loan interest	**2,494,491**	**1,574,621**
Accretion of loan facility	**2,095,002**	**1,273,403**
Balance, end of period	**$ 28,750,976**	**$ 24,842,032**

(Expressed in Canadian dollars, unless otherwise noted)

c) Repayment Option

The Company's convertible debt agreement contains an 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 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.

At December 31, 2016, the fair value attributed to the convertible feature was $2,144,371 (December 31, 2015 - $2,162,256). The extinguishment of the loan during the year resulted in a loss of $3,339,422 for the year ended December 31, 2016 being recognized in the consolidated statement of loss.

12. 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. In 2016, the Company agreed to settle the embedded derivative for a cash payment of $0.4 million which was paid in September 2016. The embedded derivative was classified within Level 2 of the fair value hierarchy.

13. Provision for Environmental Obligations

McFauld's Lake and Butler Lake

The Company has established a provision of $1,468,388 and $193,643 representing the estimated present value of its future environmental expenditure for McFauld's Lake and Butler Lake respectively. 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 2.21% (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:

	December 31, 2016	December 31, 2015
Balance, beginning of period	**$ 1,491,868**	$ 1,467,096
Butler Lake provision addition	**204,357**	-
Accretion expense for the period	**33,856**	29,683
Re-measurement of provision	**(68,050)**	(4,911)
Balance, December 31, 2016	**$ 1,662,031**	$ 1,491,868

(Expressed in Canadian dollars, unless otherwise noted)

14. 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		13,026,224
Private placement, net of costs (ii), (iv) & (vii)	16,328,833		5,131,832
Flow through share premium	-		(1,439,203)
Warrant allocation	-		(2,278,625)
Issue of shares (iii) & (v)	3,798,666		1,245,289
Issue of interest shares (Note **11**(a))	6,351,975		2,063,530
Exercise of options	841,666		253,625
Balance, December 31, 2016	**324,392,693**	$	194,758,699

(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).

14. 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. 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 expired on January 29, 2017.

(viii) 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 $2,789,900. The flow-through shares are subject to a statutory hold period of four months plus one day which expired on March 1, 2017.

(Expressed in Canadian dollars, unless otherwise noted)

14. 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 year ended December 31, 2016, share-based compensation $668,809 was charged to net income (December 31, 2015 - $748,915) .

(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)

14. 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 December 31, 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
1,000,000	328,000	$ 0.46	0.55	1,000,000	July 2017
300,000	70,200	$ 0.35	0.78	300,000	October 2017
3,916,667	528,750	$ 0.25	1.52	3,916,667	July 2018
3,000,000	450,000	$ 0.30	1.75	3,000,000	October 2018
2,471,667	210,092	$ 0.17	1.95	2,471,667	December 2018
1,225,000	378,525	$ 0.55	3.25	816,667	March 2020
1,500,000	367,500	$ 0.44	3.47	1,000,000	June 2020
300,000	59,100	$ 0.35	3.65	200,000	August 2020
2,275,000	443,625	$ 0.34	4.23	758,333	March 2021
500,000	95,000	$ 0.33	4.29	166,667	April 2021
416,253	74,509	$ 0.31	4.52	416,253	July 2021
16,904,587	**$ 3,005,301**	**$ 0.32**	**2.41**	**14,046,254**	

The following table summarizes the stock option transactions for the year ended December 31, 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	**(3,775,000)**	$0.71
Forfeited	**(250,000)**	$0.54
Balance, December 31, 2016	**16,904,587**	$0.32

(Expressed in Canadian dollars, unless otherwise noted)

14. Capital Stock (Continued)

(d) Warrants

The following table lists the Company's warrants as at December 31, 2016. During the year ended December 31, 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, December 31, 2016	**45,706,356**	$ 0.50

On March 17, 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 14(b)(i) & (ii)). On September 23, 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 14(b)(vi) & (vii)).

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

Warrants issued under March prospect*us*	
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 prospect*us*	
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)

14. Capital Stock (Continued)

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

For the year ended December 31, 2016, share-based compensation of $144,701 was charged to net income for PSUs and RSUs (year ended December 31, 2015 - $170,718) .

The following tables list the Company's PSUs and RSUs as at December 31, 2016. During the year ended December 31, 2016, no PSUs or RSUs expired.

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

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

15. Income Taxes

A reconciliation between the tax expense and the product of accounting loss multiplied by the Company's domestic tax rate is as follows:

	December 31, 2016	December 31, 2015
Statutory tax rate	**26.50 %**	26.50 %
Loss before recovery of income taxes	**$ (9,980,165)**	$ (19,430,791)
Expected income tax recovery	**(2,644,744)**	(5,149,160)
Permanent differences	**456,542**	221,167
True-ups and other	**523,749**	(108,393)
ITC's	**350,997**	(377,310)
Renounced expenditures	**1,350,191**	247,745
Share issuance costs booked through equity	**(394,368)**	-
Benefits of tax attributes not recognized	**357,633**	5,165,951
Total tax recovery	**$ -**	$ -

(Expressed in Canadian dollars, unless otherwise noted)

15. Income Taxes (Continued)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority.

The deductible temporary differences disclosed below for the comparative December 31, 2015 year end have been adjusted to reflect deductible temporary differences for tax losses and pools acquired in the acquistion of the Chromite Assets from the Cliffs Natural Resources Inc. in 2015 that were not previously disclosed. The tax benefit of the following unused tax losses and deductible temporary differences have not been recognized in the consolidated financial statements due to the unpredictability of future earnings.

	December 31, 2016	December 31, 2015
Deductible Temporary Differences		
Mineral properties and capital assets	**$ 272,652,856**	$ 273,373,580
Provision for environmental expenditure	**1,662,031**	1,467,096
Capital losses	**4,370,298**	11,298
Loss-carryforwards	**73,211,659**	68,481,266
Share issue costs	**1,958,891**	192,536
Loan facility and unaccreted amounts	**10,187,993**	12,081,304
ITC's	**25,417,902**	25,948,385
	$ 389,461,630	$ 381,555,465

At December 31, 2016, the Company had unclaimed non-capital income tax losses that expire as follows:

2021	$ 395,894
2022	1,003,520
2023	1,105,611
2024	1,352,175
2025	5,817,488
2026	3,634,907
2027	1,179,805
2028	7,160,174
2029	9,157,409
2030	6,804,658
2031	8,385,059
2032	7,238,483
2033	6,248,292
2034	5,524,743
2035	2,295,957
2036	5,907,484
	$ 73,211,659

(Expressed in Canadian dollars, unless otherwise noted)

16. Loss Per Share

	December 31, 2016	December 31, 2015
Loss attributable to common shareholders	$ (9,980,165)	$ (19,430,791)
Weighted average shares outstanding - basic and diluted	287,147,586	243,989,460
Loss per share - basic and diluted	$ (0.03)	$ (0.08)

As a result of the net loss for the year ended December 31, 2016 and for the year ended December 31, 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.

17. 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 December 31, 2016, the Company is committed to incurring approximately $4.2 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 $459,992 in 2017, $45,559 in 2018, and $12,301 thereafter until the end of the mining lease in 2033.

c) As at December 31, 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 December 31, 2016, the amount of this contingent liability is approximately $250,000.

18. Compensation of Key Management

	December 31, 2016	December 31, 2015
Salaries, benefits and directors' fees	$ 1,452,651	$ 1,935,510
Share-based compensation	782,650	835,748
	$ 2,235,301	$ 2,771,258

Key management includes the 7 directors and 6 members of the executive management team (year ended December 31, 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. Director's fees were suspended in Q1 2016 and for two months of Q2 2016.

(Expressed in Canadian dollars, unless otherwise noted)

19. Supplementary Expense Information

	December 31, 2016	December 31, 2015
a) Development and Exploration Expenditures		
Owner's costs	**$ 653,586**	$ 1,528,173
Camp operations & Exploration expense	**5,166,933**	2,583,509
Permitting	**175,661**	500,048
Engineering/Site, Road Geotechnical & other	**137,160**	402,514
	$ 6,133,340	$ 5,014,244

Included in development and exploration expenditures expenses for the year ended December 31, 2016 is $2,678,796 of salaries and benefits (year ended December 31, 2015 - $2,151,256) and $434,866 of fuel expenses (year ended December 31, 2015 - $277,755).

	December 31, 2016	December 31, 2015
b) Office and General:		
Salaries, benefits and directors' fees	**$ 1,342,361**	$ 1,772,426
Employee severance	**-**	42,821
Donations & sponsorships	**40,202**	159,682
Administrative and other expenses	**721,625**	821,523
Professional fees	**467,351**	1,048,228
Communications & travel	**280,149**	283,211
	$ 2,851,688	$ 4,127,891