NORONT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31 2017

(EXPRESSED IN CANADIAN DOLLARS)

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

	Note	As at March 31, 2018	As at December 31, 2017
Assets			
Current Assets			
Cash and cash equivalents	4	$ 4,477,416	$ 6,721,808
Taxes and other receivables		301,523	60,993
Supplies inventory		507,104	82,679
Prepaid expenses		79,878	106,556
Total Current Assets		$ 5,365,921	$ 6,972,036
Non-Current Assets			
Equipment	5	1,330,910	1,427,783
Mineral properties	6	25,418,065	25,418,065
Investments		290,600	290,600
Total Non-Current Assets		$ 27,039,575	$ 27,136,448
Total Assets		$ 32,405,496	$ 34,108,484
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	7	$ 2,004,064	$ 1,051,455
Loan Facilities - due to Resource Capital Funds V L.P.	8a	18,562,154	18,292,595
Repayment option	8c	3,215,862	2,046,359
Flow-through share liability		68,965	463,426
Total Current Liabilities		$ 23,851,045	$ 21,853,835
Non-Current Liabilities			
Provision for environmental obligations	9	1,825,535	1,852,310
Loan Facilities - due to Franco-Nevada Corporation	8b	33,797,725	31,622,186
Total Non-Current Liabilities		$ 35,623,260	$ 33,474,496
Total Liabilities		$ 59,474,305	$ 55,328,331
Shareholders' Deficit			
Capital stock	10b	$ 201,796,212	$ 201,181,223
Warrants	10d	2,205,704	2,205,734
Contributed surplus		37,026,444	36,279,458
Accumulated other comprehensive loss		(75,000)	-
Deficit		(268,022,169)	(260,886,262)
Total Shareholders' Deficit		$ (27,068,809)	$ (21,219,847)
Total Shareholders' Deficit and Liabilities		$ 32,405,496	$ 34,108,484

Nature of Business and Going Concern (Note 1)
Commitments and Contingencies (Note 12)
Subsequent Events (Note 15)

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

NORONT

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

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

	Note	Three Months Ended March 31, 2018	March 31, 2017
Expenses			
Development and exploration expenditures	**14a**	**$ 1,745,105**	$ 2,037,294
Office and general	**14b**	**972,703**	869,024
Amortization		**74,421**	84,239
Share-based compensation	**10c, e**	**884,615**	539,932
Loss before finance items and other gains		**$ (3,676,844)**	$ (3,530,489)
Interest income		**9,278**	13,220
Finance expense		**(1,053,061)**	(1,050,377)
Flow-through share premium		**394,461**	424,056
Gain on sale of mineral property		**150,000**	-
Accretion expense		**(1,348,669)**	(1,220,441)
Re-measurement of repayment option	**8c**	**(1,169,503)**	948,182
Foreign exchange gain (loss)		**(1,387,129)**	411,086
Net loss		**$ (8,081,467)**	$ (4,004,763)
Other comprehensive loss			
Changes in fair value of investments in equity securities		**(75,000)**	-
Comprehensive loss		**$ (8,156,467)**	$ (4,004,763)
Loss per share - basic and diluted	**11**	**$ (0.02)**	$ (0.01)

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

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

	Common Shares	Capital Stock	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, December 31, 2016	**$ 324,392,693**	$194,758,699	$ 2,334,489	**$ 35,343,243**	**$ -**	**$ (245,164,261)**	**$ (12,727,830)**
Issuance of interest shares	1,636,383	403,230	-	-	-	-	403,230
Share-based compensation	-	-	-	539,932	-	-	539,932
Net loss for the period	-	-	-	-	-	(4,004,763)	(4,004,763)
Balance, March 31, 2017	**326,029,076**	**$ 195,161,929**	**$ 2,334,489**	**$ 35,883,175**	**$ -**	**$ (249,169,024)**	**$ (15,789,431)**

	Common Shares	Capital Stock	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, December 31, 2017	**345,061,661**	**$ 201,181,223**	**$ 2,205,734**	**$ 36,279,458**	**$ -**	**$ (260,886,262)**	**$ (21,219,847)**
IFRS 9 adjustment (Note 3a)	-	-	-	-	-	945,560	945,560
Restated balance, January 1, 2018	-	-	-	-	-	**$ (259,940,702)**	**$ (20,274,287)**
Exercise of RSU	334,517	83,629		(83,629)	-	-	
Exercise of options	400,000	154,000		(54,000)	-	-	100,000
Exercise of warrants	500	230	(30)		-	-	200
Issuance of interest shares (Note 8,10b)	1,214,981	377,130	-	-	-	-	377,130
Share-based compensation (Note 10c,e)	-	-	-	884,615	-	-	884,615
Change in fair value of investments in equity securities	-	-	-	-	(75,000)	-	(75,000)
Net loss for the period	-	-	-	-	-	(8,081,467)	(8,081,467)
Balance, March 31, 2018	**347,011,659**	**$ 201,796,212**	**$ 2,205,704**	**$ 37,026,444**	**$ (75,000)**	**$ (268,022,169)**	**$ (27,068,809)**

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

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

		Three Months Ended	
	Note	**March 31, 2018**	March 31, 2017
Operating activities			
Net loss for the year		**$ (8,081,467)**	$ (4,004,763)
Amortization		**74,421**	84,239
Share-based compensation	**10c, e**	**884,615**	539,932
Accretion expense		**1,348,669**	1,220,441
Flow-Through share premium		**(394,461)**	(424,056)
Issuance of interest shares		**377,130**	403,230
Re-measurement of repayment option		**1,169,503**	(948,182)
Accrued interest on long term debt	**8b**	**666,061**	650,025
Gain on sale of mineral property		**(150,000)**	-
Unrealized foreign exchange (gain) loss		**1,385,650**	(411,484)
Net change in non-cash working capital:			
Taxes and other receivables		**(240,530)**	51,321
Supplies inventory		**(424,425)**	(23,954)
Prepaid expenses		**26,678**	14,991
Accounts payable and accrued liabilities		**952,609**	53,066
Net cash used in operating activities		**$ (2,405,547)**	$ (2,795,194)
Investing activities			
Acquisition of equipment		**(14,229)**	-
Proceeds on sale of mineral properties		**75,000**	-
Net cash provided by investing activities		**$ 60,771**	$ -
Financing activities			
Proceeds from exercise of options		**100,000**	-
Proceeds from exercise of warrants		**200**	-
Net cash provided by financing activities		**$ 100,200**	$ -
Change in cash and cash equivalents		**$ (2,244,576)**	$ (2,795,194)
Effect of foreign exchange rates on cash and cash equivalents		**184**	(755)
Cash and cash equivalents, beginning of period		**6,721,808**	11,480,077
Cash and cash equivalents, end of period		**$ 4,477,416**	$ 8,684,128

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 212 King Street West, Suite 501, Toronto, ON, Canada, M5H 1K5.

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

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") 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 March 31, 2018. At March 31, 2018, the Company had not yet achieved profitable operations, had an accumulated deficit of $268.0 million since inception (December 31, 2017, – $260.9 million) and expects to incur further losses in the development of its business, and had a net working capital deficit of $15.2 million as a result of the $18.6 million convertible loan facility which is due on June 30, 2018. Net working capital includes all current assets and current liabilities, excluding the non-cash repayment option of $3.2 million and the flow-through share liability of $0.1 million. 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 the Company does not have the cash nor cash flow to repay the facility. At March 31, 2018 the Company had a flow-through commitment to spend $0.3 million by December 31, 2018. On April 9, 2018, the Company closed a private placement of flow-through shares for gross proceeds of $4.2 million. These proceeds will need to be spent on Canadian Exploration Expenditures by December 31, 2019.

The Company's ability to continue as a going concern is dependent upon its ability to repay or refinance its short term and long term debt facilities and 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 ROF. Although the Company has been successful in the past in refinancing its debt and obtaining financing, there is no assurance that it will be able to do so in the future or that such arrangements will be on terms advantageous to the Company. These material uncertainties cast significant doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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

2. Basis of Preparation

These condensed consolidated interim financial statements are prepared in accordance with IFRS, including International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the IASB. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS and include information necessary or useful to understanding the Company's business and financial statement presentation.

These condensed consolidated interim financial statements have been prepared using the same accounting policies, methods of computation and presentation as were applied in the annual financial statements for the year ended December 31, 2017, except as noted in Note 3 (a). These condensed consolidated interim financial statements were approved by the Audit Committee on behalf of the Board of Directors on May 29, 2018.

3. Significant Accounting Policies

a) New and Amended Standards Adopted by the Company

The following accounting standard was adopted by the Company as of January 1, 2018. The Company adopted the standard on a retrospective basis; however, in accordance with the transitional provisions in IFRS 9, comparative periods were not restated. The impact of the adoption of the new standard and the new accounting policies are disclosed below.

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and introduces 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 ("IAS 39").

The adoption of IFRS 9 on January 1, 2018 resulted in changes in the accounting policies and adjustments to the amounts recognized in the financial statements. The reclassifications and adjustments are recognized in the opening balance sheet as at January 1, 2018 as summarized below.

- IFRS 9 introduces a change in the accounting for amendments of financial liabilities and this resulted in an adjustment to the carrying value of the Company's Loan Facility – due to Resource Capital Funds V L.P. ("RCF"). The amendment of this loan facility in October 2017 was a non-substantial modification under both IAS 39 and IFRS 9. Under IAS 39, there was no amount recorded in the statement of loss and comprehensive loss on the date of the amendment; however under IFRS 9, when a financial liability at amortized cost is modified and such modification does not result in de-recognition, the carrying value of the financial liability is adjusted to reflect the amended cash flows discounted at the original effective interest rate. On adoption of IFRS 9, the Company recorded an adjustment to reduce the carrying value of the Loan Facility – due to RCF by $0.9 million, with a corresponding reduction in Deficit.

- The Company has made an irrevocable election available under IFRS 9 to continue to classify its long-term investments in equity securities at fair value through other comprehensive income ("FVOCI") because these investments are held as strategic investments that are not expected to be sold in the short term. This election is available on an instrument-by-instrument basis. Previously these investments were classified as available-for-sale under IAS 39. Changes in the fair value of these investments are recognized in other comprehensive income (loss). No adjustments were required on adoption of IFRS 9 and there was no impact on net and comprehensive loss for the three months ended March 31, 2018.

- IFRS 9 applies an expected credit loss model to evaluate financial assets for impairment, rather than an incurred loss model previously applied under IAS 39. The Company's financial assets which are subject to credit risk are cash and cash equivalents. Application of the expected credit loss model at the date of adoption did not have a significant impact on the Company's financial assets because the Company determined that the expected credit losses on its financial assets were nominal. There were no impairment losses recorded on financial assets during the three months ended March 31, 2018.

Except as noted above, the adoption of IFRS 9 did not result in changes in the carrying values of the Company's financial instruments on January 1, 2018.

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The Company's financial instruments consist of cash and cash equivalents, investments, accounts payables and accrued liabilities, and loan facilities and the related repayment option. Financial instruments are recognized initially at fair value.

3. Significant Accounting Policies (Continued)

a) New and Amended Standards Adopted by the Company (Continued)

IFRS 9 Financial Instruments

IFRS 9 includes a revised model for classifying financial assets, which results in classification according to a financial instrument's contractual cash flow characteristics and the business models under which they are held. Under the IFRS 9 model for classification the Company has classified its financial assets as described below.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are recorded at amortized cost using the effective interest method. The carrying value of these instruments approximates their fair values due to their short-term nature.

(ii) Investments

Investments comprise equity interests in publicly-traded entities.
The Company's equity investments are held for strategic purposes and not for trading. Upon adoption of IFRS 9, the Company made an irrevocable election to designate these investments in common shares at FVOCI. FVOCI investments are recognized initially at fair value. Subsequent to initial recognition, FVOCI investments are measured at fair value and changes in the fair value are recognized directly in other comprehensive income (loss). When an equity investment at FVOCI is sold, the accumulated gains or losses are reclassified from accumulated other comprehensive income (loss) directly to deficit. Previously under IAS 39, these equity investments were classified as available-for-sale financial assets.

The fair value of certain of the Company's investments do not trade in an active market. Fair value for these investments 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 the 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

Investments are classified as Level 1 and Level 3.

(iii) Financial liabilities

Except of the Repayment option on the Loan Facility – due to RCF, financial liabilities are classified as financial liabilities to be subsequently measured at amortized cost using the effective interest method.
The Repayment option is an embedded derivative that has been separated from the host Loan Facility – due to RCF and recorded as a derivative liability measured at fair value through profit or loss. The fair value of the Repayment option is a Level 2 fair value measurement. Refer to further details in Note 8(c).

(Expressed in Canadian dollars, unless otherwise noted)

3. Significant Accounting Policies (Continued)

a) New and Amended Standards Adopted by the Company (Continued)

IFRS 9 Financial Instruments

On the date of initial application, January 1, 2018, the financial instruments of the Company were as follows, with any reclassifications noted:

	Measurement Category		Carrying amount		
	Orginal (IAS 39)	New (IFRS 9)	Original	New	Difference
Non-current financial assets					
Investments	Available for sale	FVOCI	$290,600	$290,600	-
Current financial assets					
Cash and cash equivalents	Amortized cost	Amortized cost	$6,721,808	$6,721,808	-
Current financial liabilities					
Accounts payable and accrued liabilities	Amortized cost	Amortized cost	$1,051,455	$1,051,455	-
Loan facilities - due to RCF	Amortized Cost	Amortized Cost	$18,292,59	$17,347,035	($945,560)
Repayment option	FVPL	FVPL	$2,046,349	$2,046,349	-
Non-current financial liabilities					
Loan facilities - due to Franco-Nevada Corporation	Amortized cost	Amortized cost	$31,622,186	$31,622,186	-

b) New Accounting Standards Issued But Not Yet Applied

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 lease amounts are recognized by the lessee. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect the accounting for the Company's operating leases. The Company's non-cancellable operating lease commitments as at March 31, 2018 are disclosed in Note 12. 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 January 1, 2019 and the Company intends to adopt the standard on its effective date.

(Expressed in Canadian dollars, unless otherwise noted)

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:	**March 31, 2018**	December 31, 2017
Cash deposits and restricted cash	**$ 4,376,554**	$ 6,621,299
Guaranteed investment certificate	**100,862**	100,509
	$ 4,477,416	$ 6,721,808

Restricted cash consists of $35,579, which is money held in trust for donations to First Nation communities (December 31, 2017 - $51,435).

5. Equipment

March 31, 2018	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 4,803,440	$ 115,027	$ 200,287	$ 5,118,754
Accumulated Amortization	(3,498,048)	(102,496)	(187,300)	(3,787,844)
Closing Net Book Value	$ 1,305,392	$ 12,531	$ 12,987	$ 1,330,910
Opening Net Book Value	$ 1,400,921	$ 13,191	$ 13,671	$ 1,427,783
Additions	14,229	-	-	14,229
Re-measurement of provision[1]	(36,681)	-	-	(36,681)
Amortization	(73,077)	(660)	(684)	(74,421)
Closing Net Book Value	$ 1,305,392	$ 12,531	$ 12,987	$ 1,330,910

December 31, 2017	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 4,825,892	$ 115,027	$ 200,287	$ 5,141,206
Accumulated Amortization	(3,424,971)	(101,836)	(186,616)	(3,713,423)
Closing Net Book Value	$ 1,400,921	$ 13,191	$ 13,671	$ 1,427,783
Opening Net Book Value	$ 1,581,115	$ 16,489	$ 17,088	$ 1,614,692
Re-measurement of provision	150,048	-	-	150,048
Amortization	(330,242)	(3,298)	(3,417)	(336,957)
Closing Net Book Value	$ 1,400,921	$ 13,191	$ 13,671	$ 1,427,783

[1]A re-measurement of the McFauld's Lake and Butler Lake property asset retirement obligations was recognized due to changes in the estimated future cash flows and discount rate used to calculate the obligation as further described in Note 9.

(Expressed in Canadian dollars, unless otherwise noted)

6. Mineral Properties

		March 31, 2018	December 31, 2017
(i)	McFauld's Lake Property - "Ring of Fire", James Bay Lowlands, Northeastern Ontario	**$ 24,654,708**	$ 24,654,708
(ii)	Butler and Sanderson Properties - "Ring of Fire", James Bay Lowlands, Northeastern Ontario	**763,357**	763,357
		$ 25,418,065	$ 25,418,065

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.

RCF holds a separate 1% NSR over the Eagle's Nest deposit. The royalty contains a buy back provision whereby Noront can repurchase 50% of the royalty for US$3.1 million up until June 14, 2018.

Big Daddy, Black Thor, Black Label and Other Properties

These properties are subject to the following royalties granted to Franco Nevada Corporation ("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.

(Expressed in Canadian dollars, unless otherwise noted)

6. Mineral Properties (Continued)

Butler and Sanderson Properties

The Company has a 75% interest in the Butler and Sanderson Properties located in the ROF. MacDonald Mines Ltd. ("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 MacDonalds 25% interest for $3.0 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.

7. Accounts Payable and Accrued Liabilities

		March 31, 2018	December 31, 2017
Accounts payable		**$ 1,012,208**	$ 97,646
Accrued liabilities		**389,517**	525,244
Accrued interest payable	**8(a)(ii)**	**387,000**	377,130
Advance on financing and other		**215,339**	51,435
		$ 2,004,064	$ 1,051,455

8. Loan Facilities

	March 31, 2018	December 31, 2017
Current portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	**$ 18,562,154**	**$ 18,292,595**
Repayment option (c)	**3,215,862**	**2,046,359**
	21,778,016	**20,338,954**
Long term portion of loan facilities		
Long term loan (b)	**33,797,725**	**31,622,186**
Total Loan Facilities	**$ 55,575,741**	**$ 51,961,140**

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 RCF ("the Lender"), which as of March 31, 2018 owns approximately 20.37% of the Company's common shares, in the aggregate principal amount of US$15.0 million (the “Facility”). The Facility matured on February 25, 2014. Since the Facility was not repaid prior to the 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 Convertible Loan. The Convertible Loan was 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 prior to December 31, 2017 (the “Conversion Rights”). All other terms and conditions of the Convertible Loan remained the same.

(Expressed in Canadian dollars, unless otherwise noted)

8. Loan Facilities (Continued)

On October 4, 2017 the Company entered into a third amended agreement with the Lender to extend the terms of the Convertible Loan to June 30, 2018. All other terms and conditions of the Convertible Loan remain the same.

The Company determined that the new extended terms of the Convertible Loan represented a non-substantial modification of the existing loan facility and therefore the amendment was treated as a loan modification. The Convertible Loan is carried at amortized cost.

The Company has adopted the new IFRS 9 standard on January 1, 2018 retrospectively, with transitional provisions allowing for comparative periods not to be restated. In order to transition from IAS 39 to IFRS 9, the Company has made an adjustment of $0.9 million to reduce the carrying value of the Loan Facility with RCF, with a corresponding reduction in Deficit (see note 3a).

Amended loan facility	**March 31, 2018**	December 31, 2017
Beginning balance	**18,292,595**	**$ 17,174,433**
Adjustment - Adoption of IFRS 9	**(945,560)**	**-**
Balance, January 1, 2018	**$ 17,347,035**	**$ -**
Foreign exchange (gain) loss	**481,285**	**(1,195,260)**
Transaction costs - cash	**-**	**(16,388)**
Accretion of loan facility	**733,834**	**2,329,810**
Balance, end of period	**$ 18,562,154**	**$ 18,292,595**

(Expressed in Canadian dollars, unless otherwise noted)

8. Loan Facilities (Continued)

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

On January 25, 2018, the Company satisfied the payment of interest of $377,130 for the fourth quarter of 2017 through issuance of 1,214,981 common shares of the Company. The Interest Shares were subject to a four month hold period, which expired on May 26, 2018.

As at March 31, 2018, the Company accrued interest in the amount of $387,000 for the first quarter of 2018. On April 10, 2018, the Company satisfied the payment of interest of $387,000 for the first quarter of 2018 through issuance of 1,022,457 common shares of the Company. The Interest Shares are subject to a four month hold period, which expires on August 11, 2018.

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 held 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 Company. At initial recognition, the long-term loan was recorded at fair value less transaction costs at a value of $19.7 million. Subsequent to initial recognition, the long-term loan is carried at amortized cost.

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

	March 31, 2018	December 31, 2017
Balance, beginning of period	**$ 31,622,186**	**$ 28,750,976**
Foreign exchange (gain) loss	**904,547**	**(2,050,710)**
Accrued loan interest	**666,061**	**2,617,618**
Accretion of loan facility	**604,931**	**2,304,302**
Balance, end of period	**$ 33,797,725**	**$ 31,622,186**

(Expressed in Canadian dollars, unless otherwise noted)

8. Loan Facilities (Continued)

c) Repayment Option

The Convertible Loan contains an embedded derivative related to the Lender's option to convert the loan into common shares of the Company ("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.

At March 31, 2018, the fair value attributed to the convertible feature was $3,215,862 (December 31, 2017 - $2,046,359).

9. Provision for Environmental Obligations

McFauld's Lake and Butler Lake

The Company has established a provision of $1,628,362 and $197,173 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 $2,013,258 for McFaulds Lake (December 31, 2017 - $2,013,258) and $243,788 for Butler Lake (December 31, 2017 - $243,788).
b) Nominal risk-free pre-tax discount rate of 2.20% (December 31, 2017 - 2.22%)
c) Demobilization cost expected to be incurred in 10 years (December 31, 2017 - 10 years)

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

	March 31, 2018	December 31, 2017
Balance, beginning of period	**$ 1,852,310**	$ 1,662,031
Accretion expense for the period	**9,906**	40,231
Re-measurement of provision	**(36,681)**	150,048
Balance, March 31, 2018	**$ 1,825,535**	$ 1,852,310

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock

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

(b) Issued

	Number of Shares		Value
Balance, January 1, 2017	324,392,693	$	194,758,699
Private placement, net of costs	3,400,000		1,246,029
Issue of flow-through shares, net of costs	9,456,381		3,577,197
Flow through share premium	-		(739,120)
Issue of interest shares (Note 10(a))	5,583,228		1,567,740
Exercise of options	1,500,000		497,000
Exercise of Warrants	729,359		273,678
Balance, December 31, 2017	345,061,661	$	201,181,223
Exercise of RSU	334,517		83,629
Issue of interest shares (Note 8(a))	1,214,981		377,130
Exercise of options	400,000		154,000
Exercise of warrants	500		230
Balance, March 31, 2018	**347,011,659**	$	201,796,212

(c) Stock Options

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

For the three months ended March 31, 2018, share-based compensation of $856,542 was charged to net income (March 31, 2017 - $503,138) related to stock options.

(i) On February 22, 2018, the Company granted 5,331,532 incentive stock options to directors and employees of the Company at an exercise price of $0.35. The share price on February 22, 2018 was $0.35.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	71.94%
Risk free interest rate	1.75%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $1,114,290.

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock (Continued)

(c) Stock Options

The weighted-average remaining contractual life and weighted average exercise price of options outstanding and options exercisable as at March 31, 2018 are as follows:

Number of Stock Options Outstanding	Black-Scholes Value	Exercise Price	Remaining Contractual Life (Years)	Number of Stock Options Exercisable	Expiry Date
1,216,667	164,250	$ 0.25	0.28	1,216,667	July 2018
1,100,000	148,500	$ 0.25	0.28	1,100,000	July 2018
3,000,000	450,000	$ 0.30	0.51	3,000,000	October 2018
1,271,667	108,092	$ 0.17	0.70	1,271,667	December 2018
400,000	34,000	$ 0.17	0.70	400,000	December 2018
925,000	285,825	$ 0.55	2.01	925,000	March 2020
1,500,000	367,500	$ 0.44	2.22	1,500,000	June 2020
300,000	59,100	$ 0.35	2.41	300,000	August 2020
1,608,333	313,625	$ 0.34	2.99	1,608,333	March 2021
400,000	76,000	$ 0.33	3.04	266,667	April 2021
416,253	74,509	$ 0.31	3.27	416,253	July 2021
4,403,417	625,285	$ 0.25	3.91	3,514,853	February 2022
300,000	39,000	$ 0.23	4.02	100,000	April 2022
600,000	121,200	$ 0.35	4.19	200,000	June 2022
400,000	63,600	$ 0.28	4.63	133,333	November 2022
4,131,532	863,490	$ 0.35	4.90	2,811,587	February 2023
1,200,000	250,800	$ 0.35	4.90	400,000	February 2023
23,172,869	**$ 4,044,776**	**$ 0.31**	**2.83**	**19,164,360**	

The following table summarizes the stock option transactions for the three months ended March 31, 2018.

	Number of Options	**Weighted-Average Exercise Price**
December 31, 2017	**18,241,337**	$0.30
Granted	**5,331,532**	$0.35
Exercised	**(400,000)**	$0.25
Balance, March 31, 2018	**23,172,869**	$0.31

(Expressed in Canadian dollars, unless otherwise noted)

10. Capital Stock (Continued)

(d) Warrants

The following table lists the Company's warrants as at March 31, 2018. During the three months ended March 31, 2018, there were no warrants issued.

	Number of Warrants	Weighted-Average Exercise Price
At December 31, 2017		
Prospectus and Private Placement Warrants	41,204,162	$ 0.45
Compensation Warrants	808,116	$ 0.44
Balance, December 31, 2017	**42,012,278**	$ 0.45
Exercise of Warrants	(500)	$ 0.40
Balance, March 31, 2018	**42,011,778**	$ 0.45

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

For the three months ended March 31, 2018, share-based compensation of $28,073 was charged to net income for PSUs and RSUs (three months ended March 31, 2017 - $36,794).

The following tables list the Company's PSUs and RSUs as at March 31, 2018. During the three months ended March 31, 2018, no PSUs or RSUs expired.

Performance Share Units	Number of PSUs	Value at grant
At March 31, 2018 and December 31, 2017	**3,000,000**	**$ 455,095**

Restricted Share Units	Number of RSUs	Value at grant
At December 31, 2017	1,000,000	$ 243,300
Exercise of RSUs	(334,517)	(83,629)
At March 31, 2018	**665,483**	**$ 159,671**

(Expressed in Canadian dollars, unless otherwise noted)

11. Loss Per Share

	Three Months Ended March 31, 2018	March 31, 2017
Loss attributable to common shareholders	**$ (8,081,467)**	$ (4,004,763)
Weighted average shares outstanding - basic and diluted	**346,302,325**	325,792,710
Loss per share - basic and diluted	**$ (0.02)**	$ (0.01)

As a result of the net loss for the three months ended March 31, 2018 and for the three months ended March 31, 2017, 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.

12. Commitments and Contingencies

a) Pursuant to the terms of 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 March 31, 2018, the Company is committed to incurring $0.3 million in Canadian Exploration Expenditures by December 31, 2018. Subsequent to the quarter-end, the Company closed a private placement of flow-through shares for gross proceeds of $4.2 million. The Company is committed to incurring this amount in Canadian Exploration Expenditures by December 31, 2019.

b) Under the terms of leases including Noront's mining lease and leases for office space, vehicles and equipment, the Company is obligated to minimum annual rent and lease payments as follows:

	$
2018	259,458
2019	192,996
2020	196,619
2021	248,145
2022	245,436
2023	68,553
2024 to 2033	12,301

c) As at March 31, 2018, 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 March 31, 2018, the amount of this contingent liability is approximately $250,000.

(Expressed in Canadian dollars, unless otherwise noted)

13. Compensation of Key Management

	Three Months Ended March 31, 2018	March 31, 2017
Salaries, benefits and directors' fees	**$ 399,703**	$ 402,884
Share-based compensation	**799,533**	526,334
	$ 1,199,236	$ 929,218

Key management includes the 6 directors and 6 members of the executive management team (three months ended March 31, 2017 - 7 directors and 6 members of the executive management team). Two members of key management are allocated to Development and Exploration Expenditures under Owner's Costs and four members of key management and the directors are included in Office and General.

14. Supplementary Expense Information

	Three Months Ended March 31, 2018	March 31, 2017
a) Development and Exploration Expenditures		
Owner's costs	**$ 92,120**	$ 82,856
Camp operations & exploration expense	**1,546,897**	1,898,294
Community engagement & permitting	**99,468**	43,361
Engineering, road geotechnical & other	**6,620**	12,783
	$ 1,745,105	$ 2,037,294

Included in development and exploration expenditures expenses for the three months ended March 31, 2018 is $627,394 of salaries and benefits (three months ended March 31, 2017 - $714,451) and $245,467 of fuel expenses (three months ended March 31, 2017 - $210,221).

	Three Months Ended March 31, 2018	March 31, 2017
b) Office and General:		
Salaries, benefits and directors' fees	**$ 411,837**	$ 469,311
Employee severance	**-**	10,027
Administrative and other expenses	**181,037**	201,207
Professional fees	**216,275**	126,272
Communications & travel	**163,554**	62,207
	$ 972,703	$ 869,024

15. Subsequent Events

On April 9, 2018 the Company announced the closing of a private placement of 10,000,000 flow-through shares at a price of $0.42 per flow-through share for gross proceeds of $4.2 million. The Company intends to use the proceeds for its exploration program in the ROF. These are “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 August 10, 2018. In connection with the offering, the agent received a cash finder’s fee equal to 5% of the gross proceeds of the offering up to $1.3 million, a finder's fee paid in shares, of 6% of the gross proceeds in excess of $1.3 million to a maximum of $4.0 million and a corporate finance fee of $10,750. 414,801 common shares were issued at a price of $0.37 per common share in satisfaction of the share component of the finder's fee. The common shares issued to the agents are subject to a statutory hold period of four months plus one day which will expire on August 10, 2018.

On April 9, 2018 the Company also announced the issuance of 311,111 common shares to Marten Falls First Nation as part of an exploration and pre-development agreement with its First Nation partner announced on April 13, 2017. The common shares are subject to a statutory hold period of four months plus one day which will expire on August 10, 2018.