CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND THREE AND SIX MONTHS ENDED JUNE 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

Notice of No Auditor Review of Interim Financial Statements

The following unaudited condensed consolidated interim financial statements of Noront Resources Ltd. have been prepared by and are the responsibility of management of Noront Resources Ltd. Noront's independent auditor has not reviewed these unaudited condensed consolidated interim financial statements.

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

	Note	As at June 30, 2019	As at December 31, 2018
Assets			
Current Assets			
Cash and cash equivalents	**4**	**$ 4,082,442**	$ 5,569,465
Taxes and other receivables		**45,798**	99,806
Supplies inventory		**201,088**	223,558
Prepaid expenses		**21,185**	101,776
Total Current Assets		**$ 4,350,513**	$ 5,994,605
Non-Current Assets			
Equipment	**5**	**1,191,226**	1,189,086
Mineral properties	**6**	**25,418,065**	25,418,065
Investments		**365,600**	365,600
Right-of-use asset	**7a**	**386,444**	-
Total Non-Current Assets		**$ 27,361,335**	$ 26,972,751
Total Assets		**$ 31,711,848**	$ 32,967,356
Liabilities and Shareholders' Deficit			
Current Liabilities			
Accounts payable and accrued liabilities	**8**	**$ 844,143**	$ 1,128,832
Loan Facilities - due to Resource Capital Funds V L.P.	**9a**	**18,823,296**	18,135,019
Repayment option	**9c**	**263,022**	424,920
Loan Facilities - due to Franco-Nevada Corporation	**9b**	**41,369,886**	-
Flow-through share liability		**604,016**	423,514
Short-term portion of lease obligation	**7b**	**119,873**	-
Total Current Liabilities		**$ 62,024,236**	$ 20,112,285
Non-Current Liabilities			
Provision for environmental obligations	**10**	**1,941,462**	1,867,054
Loan Facilities - due to Franco-Nevada Corporation		**-**	40,071,502
Long-term portion of lease obligation	**7b**	**313,846**	-
Total Non-Current Liabilities		**$ 2,255,308**	$ 41,938,556
Total Liabilities		**$ 64,279,544**	$ 62,050,841
Shareholders' Deficit			
Capital stock	**11b**	**$ 215,482,658**	$ 211,671,420
Warrants	**11d**	**1,968,769**	2,402,290
Contributed surplus		**38,016,583**	36,669,673
Deficit		**(288,035,706)**	(279,826,868)
Total Shareholders' Deficit		**$ (32,567,696)**	$ (29,083,485)
Total Liabilities and Shareholders' Deficit		**$ 31,711,848**	$ 32,967,356

Nature of Business and Going Concern (Note 1)
Commitments and Contingencies (Note 13)
Subsequent Events (Note 16)

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 Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Note	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Expenses					
Development and exploration expenditures	**15a**	**$ 1,123,425**	$ 1,465,571	**$ 3,241,656**	$ 3,210,676
Office and general	**15b**	**758,652**	821,977	**1,469,426**	1,794,678
Amortization		**89,670**	74,657	**172,635**	149,078
Share-based compensation	**11c, e**	**157,164**	105,346	**963,389**	989,961
Loss before finance items and other gains		**$ (2,128,911)**	$ (2,467,551)	**$ (5,847,106)**	$ (6,144,393)
Interest income and other income		**7,442**	13,616	**19,190**	22,894
Finance expense		**(1,354,608)**	(1,113,143)	**(2,512,413)**	(2,166,204)
Flow-through share premium		**133,179**	154,936	**487,346**	549,397
Gain on loan modification	**9a(i)**	**-**	1,782,834	**-**	1,782,834
Gain on sale of mineral property		**-**	2,000	**-**	152,000
Accretion expense		**(1,485,978)**	(1,426,782)	**(2,903,843)**	(2,775,451)
Re-measurement of repayment option	**9c**	**613,824**	(25,648)	**161,898**	(1,195,151)
Foreign exchange gain (loss)		**1,228,589**	(1,156,959)	**2,386,090**	(2,544,088)
Net loss		**(2,986,463)**	(4,236,697)	**$ (8,208,838)**	$ (12,318,162)
Other comprehensive loss					
Changes in fair value of investments in equity securities		**-**	25,000	**-**	(50,000)
Comprehensive loss		**(2,986,463)**	(4,211,697)	**$ (8,208,838)**	$ (12,368,162)
Loss per share - basic and diluted	**12**	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.03)

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

Noront Resources Ltd.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian dollars, unless otherwise indicated)
(Unaudited)

	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					**-**	**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	2,993,334	1,051,467	-	(365,267)	-	-	686,200
Exercise of warrants	500	230	(30)	-	-	-	200
Issuance of interest shares	2,237,438	764,130	-	-	-	-	764,130
Share-based compensation	-	-	-	989,961	-	-	989,961
Issuance of Flow-through shares	10,414,081	4,129,773	-	-	-	-	4,129,773
Flow-through share premium	-	(500,000)	-	-	-	-	(500,000)
Issuance of shares	422,222	105,000	-	-	-	-	105,000
Change of fair value of investments in equity securities	-	-	-	-	(50,000)	-	(50,000)
Net loss for the period	-	-	-	-	-	(12,318,162)	(12,318,162)
Balance, June 30, 2018	**361,463,753**	**$ 206,815,452**	**$ 2,205,704**	**$ 36,820,523**	**$ (50,000)**	**$ (272,258,864)**	**(26,467,185)**

	Common Shares	Capital Stock	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2018	**378,376,762**	**$ 211,671,420**	**$ 2,402,290**	**$ 36,669,673**	**$ (279,826,868)**	**$ (29,083,485)**
Issuance of interest shares (Note 9,11b)	3,208,560	810,108				810,108
Share-based compensation (Note 11c,e)				963,389		963,389
Exercise of RSU	200,000	50,000		(50,000)		
Exercise of options						
Issuance of warrants						
Issuance of Flow-through units (Note 11 b(i))	11,130,807	3,431,945	345,055	(345,055)		3,431,945
Flow-through share premium		(667,848)				(667,848)
Issuance of shares (Note 11b (ii))	603,334	187,033				187,033
Expiry of warrants			(778,576)	778,576		-
Net loss for the period					(8,208,838)	(8,208,838)
Balance, June 30, 2019	**393,519,463**	**$ 215,482,658**	**$ 1,968,769**	**$ 38,016,583**	**$ (288,035,706)**	**$ (32,567,696)**

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

		Six Months Ended	
		June 30,	June 30,
	Note	**2019**	2018
Operating activities			
Net loss for the period		**$ (8,208,838)**	$ (12,318,162)
Amortization		**172,635**	149,078
Share-based compensation	**11c, e**	**963,389**	989,961
Accretion expense		**2,903,843**	2,775,451
Flow-through share premium		**(487,346)**	(549,397)
Issuance of interest shares		**810,108**	764,130
Re-measurement of repayment option		**(161,898)**	1,195,151
Issuance of shares (non-cash)		**-**	105,000
Accrued interest on long term debt	**9b**	**1,518,850**	1,357,926
Gain on loan modification	**9a(i)**	**-**	(1,782,834)
Gain on sale of mineral property		**-**	(152,000)
Unrealized foreign exchange (gain) loss		**(2,382,622)**	2,539,907
Net change in non-cash working capital:			
Taxes and other receivables		**54,008**	(121,423)
Supplies inventory		**22,470**	(300,377)
Prepaid expenses		**80,591**	(2,853)
Accounts payable and accrued liabilities		**(318,825)**	100,000
Flow-through share proceeds on sale of tax benefits		**667,848**	500,000
Net cash used in operating activities		**$ (4,365,787)**	$ (4,750,442)
Investing activities			
Acquisition of equipment		**(70,798)**	(14,229)
Proceeds on sale of mineral properties		**-**	77,000
Net cash provided by (used in) investing activities		**$ (70,798)**	$ 62,771
Financing activities			
Private placement, net of costs and sale of tax benefits		**2,951,130**	3,629,773
Proceeds from exercise of options		**-**	686,200
Proceeds from exercise of warrants		**-**	200
Lease payments		**(47,600)**	-
Lease inducement		**49,387**	-
Net cash provided by financing activities		**$ 2,952,917**	$ 4,316,173
Change in cash and cash equivalents		**$ (1,483,668)**	$ (371,498)
Effect of foreign exchange rates on cash and cash equivalents		**(3,355)**	188
Cash and cash equivalents, beginning of period		**5,569,465**	6,721,808
Cash and cash equivalents, end of period		**$ 4,082,442**	$ 6,350,498

NORONT

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 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 June 30, 2019. At June 30, 2019, the Company had not yet achieved profitable operations, had an accumulated deficit of $288.0 million since inception (December 31, 2018, – $279.8 million), expects to incur further losses in the development of its business, and had a net working capital deficit of $56.8 million as a result of the $18.8 million convertible loan facility to RCF and the $41.4 million loan including accrued interest due to Franco-Nevada. Net working capital includes all current assets and current liabilities, excluding the non-cash repayment option of $0.3 million and the flow-through share liability of $0.6 million. Included in accounts payable and accrued liabilities is $0.4 million of current liabilities which will be settled in cash, and $0.4 million in interest expense which was settled in shares subsequent to the quarter end.

On January 31, 2019, the Company finalized the extension on the terms of its convertible loan facility. The maturity date has been extended to September 30, 2019 with all other terms and conditions remaining the same. 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.

The Company has a USD $31.6 million loan facility, including accrued interest, with Franco-Nevada Corporation ("Franco") due on April 28, 2020. The Company has had preliminary discussions with Franco concerning an extension to the loan facility if the Company is not in a position to repay or refinance the loan. There is no assurance that the Company will be able to repay or refinance the loan or that Franco will grant the extension when the loan comes due. The Franco loan is held within a subsidiary company and is secured by certain properties acquired from subsidiary companies of Cliffs Natural Resources in April 2015.

At June 30, 2019, the Company has a flow-through commitment to spend $3.1 million on Canadian Exploration Expenditures by December 31, 2019 as a result of a $3.5 million Flow-Through financing completed on April 12, 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 equity 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.

(Expressed in Canadian dollars, unless otherwise noted)

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, 2018, 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 year ended December 31, 2018, 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 30, 2019.

3. Significant Accounting Policies

a) **New and Amended Standards Adopted by the Company**

IFRS 16 Leases

The Company adopted the requirements of IFRS 16 as of January 1, 2019 using the modified retrospective approach, whereby the Company is not required to restate comparative amounts, and there is no impact on opening deficit.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the exclusion of low value leases;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

When measuring initial lease obligations as at January 1, 2019, the Company discounted lease payments using a discount rate of 7.5%.

		January 1, 2019
Operating lease commitments disclosed as at December 31, 2018	$	1,210,194
Application of IFRS 16 and practical expedients		(508,805)
Mining lease		(184,515)
Application of discount rate		(170,740)
Lease obligation recognised using 7.5% discount rate	$	346,134

Starting from January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. The lease obligation is measured at the net present value of the future periodic lease payments, discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company’s incremental borrowing rate.

The right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease obligation, plus any lease payments made at or before the commencement date and any initial direct costs incurred, less any lease incentives received. The right-of-use asset is depreciated over the lesser of the right-of-use asset's useful life and the lease term on a straight-line basis. Interest accretion expense of the discount on the lease obligation is charged to the consolidated statements of loss and comprehensive loss using the effective interest method as finance expense. Cash payments for the principle portion of the lease payments relating to the lease obligation are classified as financing activities in the consolidated statements of cash flows. See Note 7 for additional lease disclosure.

(Expressed in Canadian dollars, unless otherwise noted)

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:	**June 30, 2019**	December 31, 2018
Cash deposits and restricted cash	**$ 3,979,794**	$ 5,467,526
Guaranteed investment certificate	**102,648**	101,939
	$ 4,082,442	$ 5,569,465

Cash includes restricted cash consisting of $3,892, which is money held in trust for third party donations to First Nation communities (December 31, 2018 - $20,594).

5. Equipment

June 30, 2019	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 5,016,839	$ 115,027	$ 200,287	$ 5,332,153
Accumulated Amortization	(3,845,357)	(105,331)	(190,239)	(4,140,927)
Closing Net Book Value	$ 1,171,482	$ 9,696	$ 10,048	$ 1,191,226
Opening Net Book Value	$ 1,167,148	$ 10,773	$ 11,165	$ 1,189,086
Additions	70,798	-	-	70,798
Re-measurement of provision[1]	58,491	-	-	58,491
Amortization	(124,955)	(1,077)	(1,117)	(127,149)
Closing Net Book Value	$ 1,171,482	$ 9,696	$ 10,048	$ 1,191,226

December 31, 2018	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 4,865,605	$ 115,027	$ 200,287	$ 5,180,919
Accumulated Amortization	(3,698,457)	(104,254)	(189,122)	(3,991,833)
Closing Net Book Value	$ 1,167,148	$ 10,773	$ 11,165	$ 1,189,086
Opening Net Book Value	$ 1,400,921	$ 13,191	$ 13,671	$ 1,427,783
Additions	85,859	-	-	85,859
Re-measurement of provision	(24,197)	-	-	(24,197)
Amortization	(295,435)	(2,418)	(2,506)	(300,359)
Closing Net Book Value	$ 1,167,148	$ 10,773	$ 11,165	$ 1,189,086

[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 10.

(Expressed in Canadian dollars, unless otherwise noted)

6. Mineral Properties

		June 30, 2019	December 31, 2018
(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.

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 which has a 3% GSR; this can be reduced to 2% if the Company grants royalties on certain other claims in the Ring of Fire.
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.

The Black Thor and Big Daddy Chromite Deposits have a 2% NSR half of which can be bought back any time prior to production for $1 million.

There is a 1.5% NSR on certain claims including the McFaulds Lake VMS deposits.

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 MacDonald's 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 107 claims which comprise part of the Butler Property, half of which can be bought back for $1 million.

Other Royalties

On other claims which do not currently have known deposits, there is a 2% NSR of which half can be bought back for $1 million and on other certain claims there is a 0.7522% NSR.

(Expressed in Canadian dollars, unless otherwise noted)

7. Leases

a) **Right-of-use Asset**

The Company's significant lease contracts is for the head office premises.The Company's lease expires in March 2023.

		June 30, 2019
Opening balance, January 1, 2019	$	346,134
Additions		85,797
Amortization for the period		(45,487)
Closing balance	$	386,444

b) **Lease Obligation**

The Company has calculated the lease obligation based on the net present value of the future lease payments.

The obligation was calculated using the following assumptions:

Payments	Fixed payments, less any leasehold inducements receivable
Discount rate	7.5%

For the three and six months ended June 30, 2019, interest of $11,995 and $20,132 was paid on the lease obligations.

		June 30, 2019
Opening lease obligation	$	346,134
Additions		85,797
Payments		(47,600)
Lease inducements		49,388
Closing lease obligation	$	433,719

		June 30, 2019
Short-term portion of lease obligation	$	119,873
Long-term portion of lease obligation		313,846
Total lease obligation	$	433,719

(Expressed in Canadian dollars, unless otherwise noted)

8. Accounts Payable and Accrued Liabilities

		June 30, 2019	December 31, 2018
Accounts payable		**$ 170,927**	$ 98,439
Accrued liabilities		**280,795**	621,253
Accrued interest payable	**9(a)(iv)**	**392,421**	409,140
		$ 844,143	$ 1,128,832

9. Loan Facilities

	June 30, 2019	December 31, 2018
Current portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	**$ 18,823,296**	**$ 18,135,019**
Repayment option (c)	**263,022**	**424,920**
Long term loan (b)	**41,369,886**	**-**
	60,456,204	**18,559,939**
Long term portion of loan facilities		
Long term loan (b)	**-**	**40,071,502**
Total Loan Facilities	**$ 60,456,204**	**$ 58,631,441**

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 June 30, 2019 owns approximately 20.5% 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 maturity (the “Conversion Rights”). All other terms and conditions of the Convertible Loan remained the same.

On October 4, 2017 the Company entered into a third amending 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 remained the same.

The Company 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 recorded an adjustment as at January 1, 2018 of $0.9 million to reduce the carrying value of the Loan Facility with RCF, with a corresponding reduction in Deficit.

On June 25, 2018 the Company entered into a fourth amending agreement with the Lender to extend the terms of the Convertible Loan to January 31, 2019. All other terms and conditions of the Convertible Loan remained the same.

On January 31, 2019, the Company entered into a fifth amending agreement with the Lender to extend the terms of the Convertible Loan to September 30, 2019. All other terms and conditions of the Convertible Loan remain the same.

The Company has determined that the fourth and fifth extensions of the Convertible Loan represented non-substantial modifications of the existing loan facility and therefore the amendments are treated as loan modifications. As specified under IFRS 9, on the date of amendment, the Company reduced the carrying value of the Loan Facility with RCF by $1.8 million and $1.9 million respectively, to reflect the amended cash flows discounted at the original effective interest rate, with a corresponding gain on loan modifications recognized in the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian dollars, unless otherwise noted)

9. Loan Facilities (Continued)

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

Amended loan facility	**June 30, 2019**	December 31, 2018
Beginning balance	**18,135,019**	**$ 18,292,595**
Adjustment - Adoption of IFRS 9	**-**	**(945,560)**
Balance, January 1	**$ 18,135,019**	**$ 17,347,035**
Foreign exchange (gain) loss	**(699,910)**	**1,478,176**
Transaction costs - cash	**(34,136)**	**-**
Accretion of loan facility	**1,422,323**	**2,958,285**
Gain on loan modification	**-**	**(3,648,477)**
Balance, end of period	**$ 18,823,296**	**$ 18,135,019**

(ii) On January 10, 2019, the Company satisfied the payment of interest of $409,140 for the fourth quarter of 2018 through issuance of 1,760,499 common shares of the Company. The interest shares were subject to a four month hold period, which expired on May 11, 2019.

(iii) On April 10, 2019, the Company satisfied the payment of interest of $400,968 for the first quarter of 2019 through issuance of 1,448,061 common shares of the Company. The interest shares are subject to a four month hold period, which expired on August 11, 2018.

(iv) As at June 30, 2019, the Company had accrued interest in the amount of $392,421 for the second quarter of 2019. On July 11, 2019, the Company satisfied the payment of interest of $392,421 through issuance of 1,649,938 common shares of the Company. The interest shares are subject to a four month hold period, which expires on November 12, 2019.

On October 10, 2019, the Company satisfied the payment of interest of $- for the third quarter of 2019 through issuance of - common shares of the Company. The interest shares are subject to a four month hold period, which expires on February 13, 2020.

(Expressed in Canadian dollars, unless otherwise noted)

9. Loan Facilities (Continued)

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).

	June 30, 2019	December 31, 2018
Balance, beginning of period	**$ 40,071,502**	**$ 31,622,186**
Foreign exchange (gain) loss	**(1,686,069)**	**3,047,950**
Accrued loan interest	**1,518,850**	**2,803,114**
Accretion of loan facility	**1,465,603**	**2,598,252**
Balance, end of period	**$ 41,369,886**	**$ 40,071,502**

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 June 30, 2019, the fair value attributed to the convertible feature was $263,022 (December 31, 2018 - $424,920).

10. Provision for Environmental Obligations

McFauld's Lake and Butler Lake

The Company has established a provision of $1,732,979 and $208,482 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 $2,026,383 for McFaulds Lake (December 31, 2018 - $1,945,233) and $243,788 for Butler Lake (December 31, 2018 - $235,550).
b) Nominal risk-free pre-tax discount rate of 1.66% (December 31, 2018 - 2.13%)
c) Demobilization cost expected to be incurred in 10 years (December 31, 2018 - 10 years)

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

	June 30, 2019	December 31, 2018
Balance, beginning of period	**$ 1,867,054**	$ 1,852,310
Accretion expense for the period	**15,917**	38,941
Re-measurement of provision	**58,491**	(24,197)
Balance, **June 30, 2019**	**$ 1,941,462**	$ 1,867,054

(Expressed in Canadian dollars, unless otherwise noted)

11. Capital Stock

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

(b) Issued

	Number of Shares		Value
Balance, January 1, 2018	345,061,661	$	201,181,223
Issue of flow-through shares, net of costs	10,414,081		4,129,773
Flow-through share premium	-		(500,000)
Exercise of RSU	334,517		83,629
Issue of shares	422,222		105,000
Issue of interest shares	2,237,438		764,130
Exercise of options	2,993,334		1,051,467
Exercise of warrants	500		230
Balance, June 30, 2018	361,463,753		206,815,452
Issue of flow-through shares, net of costs	8,131,739		2,578,012
Flow-through share premium	-		(422,864)
Issue of shares	5,349,288		1,578,040
Issue of interest shares	2,321,982		781,230
Exercise of options	1,110,000		341,550
Balance, December 31, 2018	378,376,762	$	211,671,420
Issue of flow-through shares, net of costs (i)	11,130,807		3,431,945
Flow through share premium	-		(667,848)
Exercise of RSU	200,000		50,000
Issue of shares (ii)	603,334		187,033
Issue of interest shares (Note 9 a(ii)(iii))	3,208,560		810,108
Balance, **June 30, 2019**	**393,519,463**	$	215,482,658

(i) On April 12, 2019, the Company closed a private placement of 11,130,807 Flow-Through Units at a price of $0.31 per Flow-Through Unit for gross proceeds of $3.45 million. The securities issuable pursuant to the Flow-Through Unit Offering are subject to a statutory hold period of four months plus one day which expired on August 13, 2019.

(ii) On April 12, 2019, in connection with the Flow-Through private placement, the Company issued 603,334 common shares at a price of $0.31 per common share in satisfaction of advisory and finder's fees. The common shares are subject to a statutory hold period of four months plus one day which expired on August 13, 2019.

(c) Stock Options

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

For the three and six months ended June 30, 2019, share-based compensation of $961,001 was charged to net income (three and six months ended June 30, 2018 - $985,593) related to stock options.

(Expressed in Canadian dollars, unless otherwise noted)

11. Capital Stock (Continued)

(c) Stock Options (Continued)

(i) On February 26, 2019, the Company granted 5,277,520 incentive stock options to management and employees of the Company at an exercise price of $0.30. The share price on February 26, 2019 was $0.30.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	67.92%
Risk free interest rate	1.76%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $907,733.

(ii) On April 12, 2019, the Company granted 1,500,000 incentive stock options to the directors of the Company at an exercise price of $0.26. The share price on April 12, 2019 was $0.26.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	67.50%
Risk free interest rate	1.60%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $222,000.

The weighted-average remaining contractual life and weighted average exercise price of options outstanding and options exercisable as at June 30, 2019 are as follows:

Number of Stock Options Outstanding	Black-Scholes Value	Exercise Price	Remaining Contractual Life (Years)	Number of Stock Options Exercisable	Expiry Date
725,000	224,025	$ 0.55	0.76	725,000	March 2020
1,500,000	367,500	$ 0.44	0.97	1,500,000	June 2020
300,000	59,100	$ 0.35	1.16	300,000	August 2020
1,275,000	248,625	$ 0.34	1.74	1,275,000	March 2021
400,000	76,000	$ 0.33	1.79	400,000	April 2021
416,253	74,509	$ 0.31	2.02	416,253	July 2021
4,103,417	582,685	$ 0.25	2.66	3,314,853	February 2022
300,000	39,000	$ 0.23	2.78	200,000	April 2022
600,000	121,200	$ 0.35	2.94	400,000	June 2022
400,000	63,600	$ 0.28	3.38	266,667	November 2022
4,131,532	863,490	$ 0.35	3.65	2,811,587	February 2023
1,000,000	209,000	$ 0.35	3.65	333,333	February 2023
5,277,520	907,733	$ 0.30	4.67	4,274,091	February 2024
1,500,000	222,000	$ 0.26	4.79	500,000	April 2024
21,928,722	**$ 4,058,467**	**$ 0.32**	**3.26**	**16,716,784**	

(Expressed in Canadian dollars, unless otherwise noted)

11. Capital Stock (Continued)

(c) Stock Options (Continued)

The following table summarizes the stock option transactions for the three and six months ended June 30, 2019.

	Number of Options	**Weighted-Average Exercise Price**
December 31, 2018	**15,151,202**	$0.33
Granted	**6,777,520**	$0.29
Balance, **June 30, 2019**	**21,928,722**	$0.32

(d) Warrants

The following table lists the Company's warrants as at June 30, 2019.

	Number of Warrants	**Weighted-Average Exercise Price**
Balance, December 31, 2018	44,686,422	$ 0.44
Expiry of Warrants	(17,073,456)	$ 0.51
Private Placement Warrants	5,565,402	$ 0.34
Balance, **June 30, 2019**	**33,178,368**	$ 0.39

On April 12, 2019, 5,565,402 warrants were issued as a result of the private placement (Note 11 (b)(i)). The fair value of the warrants were calculated using the following assumptions:

Expected volatility	61.42%
Risk Free interest rate	1.67%
Expected life	2 years

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

For the three and six months ended June 30, 2019, share-based compensation of $2,388 and $5,171 was charged to net income for PSUs and RSUs (three and six months ended June 30, 2018 - $4,368 and $32,441).

The following tables list the Company's PSUs and RSUs as at June 30, 2019. During the three and six months ended June 30, 2019, no PSUs or RSUs expired.

Performance Share Units	Number of PSUs	Value at grant
At **June 30, 2019** and December 31, 2018	**3,000,000**	**$ 455,095**

Restricted Share Units	Number of RSUs	Value at grant
At December 31, 2018	665,483	$ 159,671
Exercise of RSUs	(100,000)	(50,000)
At **June 30, 2019**	**565,483**	**$ 109,671**

(Expressed in Canadian dollars, unless otherwise noted)

12. Loss Per Share

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
Loss attributable to common Shareholders	**$ (2,986,463)**	$ (4,236,697)	**$ (8,208,838)**	$ (12,318,162)
Weighted average shares outstanding - basic	**391,923,817**	353,271,443	**385,921,709**	352,918,735
Loss per share - basic	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.03)

As a result of the net loss for the periods ended June 30, 2019, 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.

13. 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 June 30, 2019, the Company is committed to incurring $0.5 million in Canadian Exploration Expenditures by December 31, 2019.

b) Under the terms of leases, not subject to IFRS 16, including Noront's mining leases, leases for office space - including operating expenses, vehicles, and equipment, the Company is obligated to minimum annual rent and lease payments as follows:

	$
2019	158,385
2020	198,423
2021	152,829
2022	156,450
2023	48,626
2024 to 2038	181,706

c) As at June 30, 2019, 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 June 30, 2019, the amount of this contingent liability is approximately $250,000.

14. Compensation of Key Management

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
Salaries, benefits and directors' fees	**$ 389,732**	$ 397,824	**$ 796,160**	$ 797,527
Share-based compensation	**152,539**	63,257	**883,699**	862,790
	$ 542,271	$ 461,081	**$ 1,679,859**	$ 1,660,317

Key management includes the 5 directors and 6 members of the executive management team (three and six months ended June 30, 2018 - 6 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.

(Expressed in Canadian dollars, unless otherwise noted)

15. Supplementary Expense Information

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
a) Development and Exploration Expenditures				
Owner's costs	**$ 71,165**	$ 56,485	**$ 126,034**	$ 148,605
Exploration expenditure	**907,636**	1,191,026	**2,925,787**	2,737,923
Community engagement & permitting	**130,140**	133,446	**162,368**	232,914
Engineering, staking & other	**14,484**	84,614	**27,467**	91,234
	$ 1,123,425	$ 1,465,571	**$ 3,241,656**	$ 3,210,676

Included in development and exploration expenditures expenses for the three and six months ended June 30, 2019 is $519,846 and $1,165,944 of salaries and benefits (three and six months ended June 30, 2018 - $608,715 and $1,236,109) and $76,087 and $446,768 of fuel expenses (three and six months ended June 30, 2018- $116,359 and $361,826).

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
b) Office and General:				
Salaries, benefits and directors' fees	**$ 431,681**	$ 435,212	**$ 839,800**	$ 847,047
Employee severance	**-**	-	**32,332**	-
Donations & sponsorships	**9,842**	-	**12,426**	-
Administrative and other expenses	**102,782**	141,379	**212,839**	322,416
Professional fees	**96,156**	150,057	**180,870**	366,332
Communications & travel	**118,191**	95,329	**191,159**	258,883
	$ 758,652	$ 821,977	**$ 1,469,426**	$ 1,794,678

16. Subsequent Event

On July 11, 2019, the Company satisfied the payment of interest of $392,421 for the second quarter of 2019 through issuance of 1,649,938 common shares (the "Interest Shares) at an effective price of $0.2378 per Interest Share. The Interest Shares are subject to a four month hold period, expiring on November 12, 2019.