CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017

(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

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

	Note	As at December 31, 2018	As at December 31, 2017
Assets			
Current Assets			
Cash and cash equivalents	6	**$ 5,569,465**	$ 6,721,808
Taxes and other receivables		**99,806**	60,993
Supplies inventory		**223,558**	82,679
Prepaid expenses		**101,776**	106,556
Total Current Assets		**$ 5,994,605**	$ 6,972,036
Non-Current Assets			
Equipment	7	**1,189,086**	1,427,783
Mineral properties	8	**25,418,065**	25,418,065
Investments		**365,600**	290,600
Total Non-Current Assets		**$ 26,972,751**	$ 27,136,448
Total Assets		**$ 32,967,356**	$ 34,108,484
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	9	**$ 1,128,832**	$ 1,051,455
Loan Facilities - due to Resource Capital Funds V L.P.	10a	**18,135,019**	18,292,595
Repayment option	10c	**424,920**	2,046,359
Flow-through share liability		**423,514**	463,426
Total Current Liabilities		**$ 20,112,285**	$ 21,853,835
Non-Current Liabilities			
Provision for environmental obligations	11	**1,867,054**	1,852,310
Loan Facilities - due to Franco-Nevada Corporation	10b	**40,071,502**	31,622,186
Total Non-Current Liabilities		**$ 41,938,556**	$ 33,474,496
Total Liabilities		**$ 62,050,841**	$ 55,328,331
Shareholders' Deficit			
Capital stock	12b	**$ 211,671,420**	$ 201,181,223
Warrants	12d	**2,402,290**	2,205,734
Contributed surplus		**36,669,673**	36,279,458
Deficit		**(279,826,868)**	(260,886,262)
Total Shareholders' Deficit		**$ (29,083,485)**	$ (21,219,847)
Total Shareholders' Deficit and Liabilities		**$ 32,967,356**	$ 34,108,484

Nature of Business and Going Concern (Note 1)
Commitments and Contingencies (Note 15)
Subsequent Events (Note 18)

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

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

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

	Note	Year Ended December 31, 2018	December 31, 2017
Expenses			
Development and exploration expenditures	**17a**	**$ 7,123,248**	$ 6,801,721
Office and general	**17b**	**3,195,109**	3,285,004
Amortization		**300,359**	336,957
Share-based compensation	**12c, e**	**1,152,547**	1,002,145
Loss before finance items and other gains		**$ (11,771,263)**	$ (11,425,827)
Interest income and other income		**50,411**	48,430
Finance expense		**(4,431,708)**	(4,198,792)
Flow-through share premium		**962,777**	1,088,961
Gain on loan modification	**10a(i)**	**3,648,477**	-
Gain on sale of mineral property		**150,000**	100,000
Accretion expense		**(5,595,478)**	(4,674,342)
Re-measurement of repayment option	**10c**	**1,621,439**	98,012
Foreign exchange gain (loss)		**(4,520,821)**	3,241,557
Net loss and Other Comprehensive Loss		**$ (19,886,166)**	$ (15,722,001)
Loss per share - basic and diluted	**14**	**$ (0.06)**	$ (0.05)

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

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

	Common Shares	Capital Stock	Warrants	Contributed Surplus	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	5,583,228	1,567,740				1,567,740
Issue of shares	12,856,381	4,084,106				4,084,106
Share-based compensation				1,002,145		1,002,145
Exercise of options	1,500,000	497,000		$ (172,000)		325,000
Exercise of warrants	729,359	273,678	$ (22,685)			250,993
Expiry of warrants			$ (106,070)	$ 106,070		-
Net loss for the period					(15,722,001)	(15,722,001)
Balance, December 31, 2017	**345,061,661**	**$ 201,181,223**	**$ 2,205,734**	**$ 36,279,458**	**$ (260,886,262)**	**$ (21,219,847)**

	Common Shares	Capital Stock	Warrants	Contributed Surplus	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)**
Issuance of interest shares (Note 10,12b)	4,559,420	1,545,360				1,545,360
Issuance of shares	5,771,510	1,683,040				1,683,040
Issuance of warrants			196,586	(196,586)		
Share-based compensation (Note 12c,e)				1,152,547		1,152,547
Exercise of RSU	334,517	83,629		(83,629)		-
Exercise of options	4,103,334	1,393,017		(482,117)		910,900
Exercise of warrants	500	230	(30)			200
Issuance of Flow Through Shares	18,545,820	5,784,921				5,784,921
Net loss for the period					(19,886,166)	(19,886,166)
Balance, December 31, 2018	**378,376,762**	**$ 211,671,420**	**$ 2,402,290**	**$ 36,669,673**	**$ (279,826,868)**	**$ (29,083,485)**

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

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

	Note	Year Ended December 31, 2018	December 31, 2017
Operating activities			
Net loss for the year		**$ (19,886,166)**	$ (15,722,001)
Amortization		**300,359**	336,957
Share-based compensation	**12c, e**	**1,152,547**	1,002,145
Accretion expense		**5,595,478**	4,674,342
Flow-through share premium		**(962,777)**	(1,088,961)
Issuance of interest shares		**1,545,360**	1,567,740
Re-measurement of repayment option		**(1,621,439)**	(98,012)
Issuance of shares (non-cash)		**105,000**	-
Accrued interest on long term debt	**10b**	**2,803,114**	2,617,618
Gain on loan modification	**10a(i)**	**(3,648,477)**	-
Gain on sale of mineral property		**(150,000)**	(100,000)
Unrealized foreign exchange (gain) loss		**4,516,065**	(3,244,729)
Net change in non-cash working capital:			
Taxes and other receivables		**(38,813)**	68,767
Supplies inventory		**(140,879)**	144,199
Prepaid expenses		**4,780**	(1,922)
Accounts payable and accrued liabilities		**77,377**	(362,389)
Flow-through share proceeds on sale of tax benefits		**922,864**	739,120
Net cash used in operating activities		**$ (9,425,607)**	$ (9,467,126)
Investing activities			
Acquisition of equipment		**(85,859)**	-
Proceeds on sale of mineral properties		**75,000**	50,000
Net cash provided by (used in) investing activities		**$ (10,859)**	$ 50,000
Financing activities			
Private placement, net of costs and sale of tax benefits		**7,362,961**	4,084,106
Proceeds from exercise of options		**910,900**	325,000
Proceeds from exercise of warrants		**200**	250,993
Net cash provided by financing activities		**$ 8,274,061**	$ 4,660,099
Change in cash and cash equivalents		**$ (1,162,405)**	$ (4,757,027)
Effect of foreign exchange rates on cash and cash equivalents		**10,062**	(1,242)
Cash and cash equivalents, beginning of period		**6,721,808**	11,480,077
Cash and cash equivalents, end of period		**$ 5,569,465**	$ 6,721,808

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 consolidated 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 December 31, 2018. At December 31, 2018, the Company had not yet achieved profitable operations, had an accumulated deficit of $279.8 million since inception (December 31, 2017, – $260.9 million), expects to incur further losses in the development of its business, and had a net working capital deficit of $13.3 million as a result of the $18.1 million convertible loan facility (US$13.3 million). Net working capital includes all current assets and current liabilities, excluding the non-cash repayment option of $0.4 million and the flow-through share liability of $0.4 million. Included in accounts payable and accrued liabilities is $0.7 million of current liabilities which will be settled in cash.

By December 31, 2018, the Company negotiated an 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. At December 31, 2018 the Company also has a flow-through commitment to spend $2.6 million 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 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 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, 2019.

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. 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 measured its cash and cash equivalents 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 financial assets at fair value through other comprehensive income ("FVOCI") and are measured 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 is measured at fair value and classified as Level 2 (Note 11c).

Investments are classified as Level 3.

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 Resource Capital Funds V L.P ("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.

3. Significant Accounting Policies (Continued)

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%.

g) 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

h) 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)

i) 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.

j) 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.

k) 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.

l) 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.

m) 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)

n) 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.

o) 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.

p) 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.

q) 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)

r) 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-month and nine-month periods ended September 30,2018.

- 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 nine months ended September 30, 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)

r) 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 for 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).

3. Significant Accounting Policies (Continued)

s) 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 December 31, 2018 are disclosed in Note 15. The Company is currently identifying and collecting data relating to existing agreements that will extend beyond January 1, 2019, that may contain right-of-use assets and is evaluating the effect the standard will have on its consolidated financial statements.

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.

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 obligations. 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 obligation, 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.

3. Significant Accounting Policies (Continued)

t) Critical Accounting Estimates and Judgments

Stock Options, Warrants

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 10c for further information on the Repayment Option.

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 10(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 in 2015 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 alternative 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, 2018. 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 8). 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, 2018, the Company had cash and cash equivalents and taxes receivable balances of $5,669,271 (December 31, 2017 - $6,782,801) to settle current liabilities of $20,112,285 (December 31, 2017 - $21,853,835) which includes a loan facility of $18,135,019 and a repayment option of $424,920. The Company also has a flow-through commitment to spend $2.6 million on Canadian Exploration Expenditures by December 31, 2019 which will be fulfilled using existing cash.

The loan facility is convertible into equity with a conversion price of $0.34 per share at the option of RCF anytime prior to September 30, 2019. 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).

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 its loan facilities 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.

ii) Foreign Currency Risk (Continued)

At December 31, 2018, the Company had monetary assets and liabilities denominated in U.S. dollars as follows:

		December 31, 2018	December 31, 2017
Cash	**US**	**$ 91,719**	$ 14,072
Loan Facilities	**US**	**(42,667,146)**	(39,789,961)
	US	**$ (42,575,427)**	$ (39,775,889)

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.

c) 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 $0.6 million for the year ended December 31, 2018 (December 31, 2017 - $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, 2018, 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.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of:	**December 31, 2018**	December 31, 2017
Cash deposits and restricted cash	**$ 5,467,526**	$ 6,621,299
Guaranteed investment certificate	**101,939**	100,509
	$ 5,569,465	$ 6,721,808

Restricted cash consists of $20,594, which is money held in trust for third party donations to First Nation communities (December 31, 2017 - $51,435).

7. Equipment

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[1]	(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

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 11.

8. Mineral Properties

		December 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 contained a buy back provision, which expired during the year.

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.

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 107 cell claims converted from six legacy claims, which comprise part of the Butler Property.

9. Accounts Payable and Accrued Liabilities

		December 31, 2018	December 31, 2017
Accounts payable		$ 98,439	$ 97,646
Accrued liabilities		600,659	525,244
Accrued interest payable	10(a)(ii)	409,140	377,130
Payable - Other		20,594	51,435
		$ 1,128,832	$ 1,051,455

10. Loan Facilities

	December 31, 2018	December 31, 2017
Current portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	$ 18,135,019	$ 18,292,595
Repayment option (c)	424,920	2,046,359
	18,559,939	20,338,954
Long term portion of loan facilities		
Long term loan (b)	40,071,502	31,622,186
Total Loan Facilities	$ 58,631,441	$ 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 Resource Capital Funds V L.P. ("RCF" or "the Lender"), which as of December 31, 2018 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 (see note 3r).

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 remain the same.

By December 31, 2018, the Company had agreed the material terms of a loan extension with RCF and as such, recorded the effect of a loan extension to September 30, 2019. The fifth amending agreement extending the loan was finalized on January 31, 2019. All other terms and conditions of the Convertible Loan remain the same.

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

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.

Amended loan facility	December 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	$ 17,174,433
Foreign exchange (gain) loss	1,478,176	(1,195,260)
Transaction costs - cash	-	(16,388)
Accretion of loan facility	2,958,285	2,329,810
Gain on loan modification	(3,648,477)	-
Balance, end of period	$ 18,135,019	$ 18,292,595

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.

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 expired on August 11, 2018.

On July 12, 2018, the Company satisfied the payment of interest of $393,990 for the second quarter of 2018 through issuance of 1,071,207 common shares of the Company. The interest shares are subject to a four month hold period, which expires on November 13, 2018.

On October 12, 2018, the Company satisfied the payment of interest of $387,240 for the third quarter of 2018 through issuance of 1,250,775 common shares of the Company. The interest shares are subject to a four month hold period, which expires on February 13, 2018.

As at December 31, 2018, the Company had accrued interest in the amount of $409,140 for the fourth quarter of 2018. On January 10, 2019, the Company satisfied the payment of interest of $409,140 through issuance of 1,760,499 common shares of the Company. The interest shares are subject to a four month hold period, which expires on May 11, 2019.

10. 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 8 - Mineral Properties).

	December 31, 2018	December 31, 2017
Balance, beginning of period	**$ 31,622,186**	**$ 28,750,976**
Foreign exchange (gain) loss	**3,047,950**	**(2,050,710)**
Accrued loan interest	**2,803,114**	**2,617,618**
Accretion of loan facility	**2,598,252**	**2,304,302**
Balance, end of period	**$ 40,071,502**	**$ 31,622,186**

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 December 31, 2018, the fair value attributed to the convertible feature was $424,920 (December 31, 2017 - $2,046,359).

11. Provision for Environmental Obligations

McFauld's Lake and Butler Lake

The Company has established a provision of $1,665,396 and $201,658 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 $1,945,233 for McFaulds Lake (December 31, 2017 - $2,013,258) and $235,550 for Butler Lake (December 31, 2017 - $243,788).
b) Nominal risk-free pre-tax discount rate of 2.13% (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:

	December 31, 2018	December 31, 2017
Balance, beginning of period	**$ 1,852,310**	$ 1,662,031
Accretion expense for the period	**38,941**	40,231
Re-measurement of provision	**(24,197)**	150,048
Balance, December 31, 2018	**$ 1,867,054**	$ 1,852,310

12. 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	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
Issue of flow-through shares, net of costs (i), (iv), (v)	18,545,820		6,707,785
Flow through share premium	-		(922,864)
Exercise of RSU	334,517		83,629
Issue of shares (ii), (iii), (iv)	5,771,510		1,683,040
Issue of interest shares (Note 10(a))	4,559,420		1,545,360
Exercise of options	4,103,334		1,393,017
Exercise of warrants	500		230
Balance, December 31, 2018	**378,376,762**	$	211,671,420

(i) On April 8, 2018 the Company closed a private placement of 10,000,000 flow-through common shares at a price of $0.42 per flow-through share for gross proceeds of $4.2 million. In connection with the private placement, the Company issued 414,081 common shares at a price of $0.37 per common share in satisfaction of the share component of their finder's fee.The flow-through shares are subject to a statutory hold period of four months plus one day which expired August 10, 2018.

(ii) On April 8, 2018, the Company issued 311,111 common shares to Marten Falls First Nation. These shares are part of an exploration and pre-development agreement with Marten Falls First Nation announced on April 13, 2017. The common shares are subject to a statutory hold period of four months plus one day which expired August 10, 2018.

(iii) On June 4, 2018, the Company issued 111,111 common shares to Marten Falls First Nation. These shares are part of an exploration and pre-development agreement with Marten Falls First Nation announced on April 13, 2017. The common shares are subject to a statutory hold period of four months plus one day which expired on October 5, 2018.

(iv) On November 5, 2018, the Company closed a private placement of (a) 5,349,288 units at a price of $0.295 per unit, for gross proceeds of $1,578,040 ("Unit Offering") and (b) 6,491,433 flow-through common shares at a price of $0.335 per flow-through common share for gross proceeds of $2.2 million (the "Flow-Through Offering"). Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share at a price of $0.35 per share on or before November 5, 2020. In connection with the Flow-Through Offering, the Company issued 443,306 at a price of $0.335 per common share in satisfaction of the payment of finder's fees. The securities issuable pursuant to both the Unit Offering and the Flow-Through Offering are subject to a statutory hold period of four months plus one day which expired on March 6, 2019.

(v) On November 23, 2018, the Company closed a private placement of 1,197,000 flow-through common shares at a price of $0.335 per flow-through common share for gross proceeds of $0.4 million. The flow-through shares are subject to a statutory hold period of four months plus one day which expired on March 24, 2019.

12. 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, 2018, share-based compensation of $1,114,419 was charged to net income (December 31, 2017 - $810,224) 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.

The weighted-average remaining contractual life and weighted average exercise price of options outstanding and options exercisable as at December 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
725,000	224,025	$ 0.55	1.25	725,000	March 2020
1,500,000	367,500	$ 0.44	1.47	1,500,000	June 2020
300,000	59,100	$ 0.35	1.65	300,000	August 2020
1,275,000	248,625	$ 0.34	2.23	1,275,000	March 2021
400,000	76,000	$ 0.33	2.29	400,000	April 2021
416,253	74,509	$ 0.31	2.52	416,253	July 2021
4,103,417	582,685	$ 0.25	3.16	3,314,853	February 2022
300,000	39,000	$ 0.23	3.27	200,000	April 2022
600,000	121,200	$ 0.35	3.44	400,000	June 2022
400,000	63,600	$ 0.28	3.88	266,667	November 2022
4,131,532	863,490	$ 0.35	4.15	2,811,587	February 2023
1,000,000	209,000	$ 0.35	4.15	333,333	February 2023
15,151,202	**$ 2,928,734**	**$ 0.33**	**3.12**	**11,942,693**	

12. Capital Stock (Continued)

(c) Stock Options

The following table summarizes the stock option transactions for the year ended December 31, 2018.

	Number of Options	**Weighted-Average Exercise Price**
December 31, 2017	**18,241,337**	$0.30
Granted	**5,331,532**	$0.35
Exercised	**(4,103,334)**	$0.22
Expired	**(4,085,000)**	$0.31
Forfeited	**(233,333)**	$0.31
Balance, December 31, 2018	**15,151,202**	$0.33

(d) Warrants

The following table lists the Company's warrants as at December 31, 2018.

	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
Private Placement Warrants	2,674,644	$ 0.35
Balance, December 31, 2018	**44,686,422**	$ 0.44

On November 5, 2018, 2,674,644 warrants were issued as a result of the private placement (Note 12 (b)(iv)). The fair value of the warrants were calculated using the following assumptions:

Expected volatility	58.47%
Risk Free interest rate	2.32%
Expected life	2 years

12. Capital Stock (Continued)

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

For the year ended December 31, 2018, share-based compensation of $38,128 was charged to net income for PSUs and RSUs (year ended December 31, 2017 - $191,921).

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

Performance Share Units	Number of PSUs	Value at grant
At December 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 December 31, 2018	**665,483**	**$ 159,671**

13. 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:

	Year Ended December 31, 2018	Year Ended December 31, 2017
Statutory tax rate	**26.50 %**	26.50 %
Loss before recovery of income taxes	**$ (19,886,166)**	$ (15,722,001)
Expected income tax recovery	**(5,269,834)**	(4,166,330)
Permanent differences	**50,289**	(23,006)
True-ups and other	**-**	330,991
Renounced expenditures	**1,795,541**	1,518,229
Share issuance costs booked through equity	**(44,713)**	(36,099)
Benefits of tax attributes not recognized	**3,468,717**	2,376,215
Total tax recovery	**$ -**	$ -

13. 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 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.

	Year Ended December 31, 2018	Year Ended December 31, 2017
Deductible Temporary Differences		
Mineral properties and capital assets	**$ 272,664,545**	$ 271,905,757
Provision for environmental expenditure	**1,867,054**	1,852,310
Capital losses	**4,484,598**	4,473,000
Loss-carryforwards	**88,384,596**	81,683,767
Share issue costs	**1,393,041**	1,556,273
Loan facility and unaccreted amounts	**16,274,482**	11,461,735
ITC's	**25,417,902**	25,417,902
	$ 410,486,218	$ 398,350,744

At December 31, 2018, 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	5,196,635
2037	7,102,516
2038	8,781,270
	$ 88,384,596

14. Loss Per Share

	Year Ended December 31, 2018	December 31, 2017
Loss attributable to common Shareholders	**$ (19,886,166)**	$ (15,722,001)
Weighted average shares outstanding - basic	**360,381,331**	332,530,579
Loss per share - basic	**$ (0.06)**	$ (0.05)

As a result of the net loss for the year ended December 31, 2018, 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.

15. 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 December 31, 2018, the Company is committed to incurring $2.6 million 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:

	$
2019	246,042
2020	215,361
2021	272,916
2022	276,537
2023	76,329
2024 to 2033	12,301

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

16. Compensation of Key Management

	Year Ended December 31, 2018	December 31, 2017
Salaries, benefits and directors' fees	**$ 1,582,537**	$ 1,689,968
Share-based compensation	**1,067,016**	957,411
	$ 2,649,553	$ 2,647,379

Key management includes the 5 directors and 6 members of the executive management team (year ended December 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.

17. Supplementary Expense Information

	Year Ended December 31, 2018	Year Ended December 31, 2017
a) Development and Exploration Expenditures		
Owner's costs	**$ 300,336**	$ 351,828
Camp operations & exploration expense	**6,287,869**	5,756,254
Community engagement & permitting	**312,655**	232,536
Engineering, road geotechnical & other	**222,388**	461,103
	$ 7,123,248	$ 6,801,721

Included in development and exploration expenditures expenses for the year ended December 31, 2018 is $2,534,276 of salaries and benefits (year ended December 31, 2017 - $2,487,464) and $795,030 of fuel expenses (year ended December 31, 2017 - $707,940).

	Year Ended December 31, 2018	Year Ended December 31, 2017
b) Office and General:		
Salaries, benefits and directors' fees	**$ 1,715,275**	$ 1,831,124
Employee severance	**-**	21,417
Donations & sponsorships	**15,774**	11,145
Administrative and other expenses	**583,629**	667,453
Professional fees	**503,433**	455,627
Communications & travel	**376,998**	298,238
	$ 3,195,109	$ 3,285,004

18. Subsequent Events

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 (the "Interest Shares) at an effective price of $0.2324 per Interest Share. The Interest Shares are subject to a four month hold period, expiring on May 11, 2019.

On January 31, 2019, the Company announced the finalization of the fifth amending agreement (the "Amending Agreement") with its largest shareholder, RCF, to extend the term of its existing US$15 million convertible debenture (the "Convertible Debenture").

The maturity date of the Convertible Debenture has been extended until September 30, 2019 (previously January 31, 2019). The Amending Agreement includes a provision whereby the Company will require RCF approval to issue equity below $0.306 per share. All other material terms and conditions remain the same. Since the terms of the Amending Agreement were substantially agreed upon by December 31, 2018, these financial statements reflect the extension of the Convertible Debenture as if the Amending Agreement was in place at that date.

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 (the "Interest Shares) at an effective price of $0.2769 per Interest Share. The Interest Shares are subject to a four month hold period, expiring on August 11, 2019.