



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND
THREE AND NINE MONTHS ENDED SEPTEMBER 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 September 30, 2019	As at December 31, 2018
Assets			
Current Assets			
Cash and cash equivalents	4	\$ 2,414,573	\$ 5,569,465
Taxes and other receivables		57,120	99,806
Supplies inventory		90,633	223,558
Prepaid expenses		93,748	101,776
Total Current Assets		\$ 2,656,074	\$ 5,994,605
Non-Current Assets			
Equipment	5	1,155,291	1,189,086
Mineral properties	6	25,418,065	25,418,065
Investments		365,600	365,600
Right-of-use asset	7a	358,933	-
Option to lease	11b(iv)	257,250	-
Total Non-Current Assets		\$ 27,555,139	\$ 26,972,751
Total Assets		\$ 30,211,213	\$ 32,967,356
Liabilities and Shareholders' Deficit			
Current Liabilities			
Accounts payable and accrued liabilities	8	\$ 994,714	\$ 1,128,832
Loan Facilities - due to Resource Capital Funds V L.P.	9a	19,592,390	18,135,019
Repayment option	9c	3,833	424,920
Loan Facilities - due to Franco-Nevada Corporation	9b	43,399,762	-
Flow-through share liability		384,171	423,514
Short-term portion of lease obligation	7b	123,381	-
Total Current Liabilities		\$ 64,498,251	\$ 20,112,285
Non-Current Liabilities			
Provision for environmental obligations	10	1,976,279	1,867,054
Loan Facilities - due to Franco-Nevada Corporation		-	40,071,502
Long-term portion of lease obligation	7b	281,521	-
Total Non-Current Liabilities		\$ 2,257,800	\$ 41,938,556
Total Liabilities		\$ 66,756,051	\$ 62,050,841
Shareholders' Deficit			
Capital stock	11b	\$ 216,152,579	\$ 211,671,420
Warrants	11d	1,940,576	2,402,290
Contributed surplus		38,212,470	36,669,673
Deficit		(292,850,463)	(279,826,868)
Total Shareholders' Deficit		\$ (36,544,838)	\$ (29,083,485)
Total Liabilities and Shareholders' Deficit		\$ 30,211,213	\$ 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"

(Signed) "John Pollesel"



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		Nine Months Ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Expenses					
Development and exploration expenditures	15a	\$ 1,345,718	\$ 2,394,335	\$ 4,587,374	\$ 5,605,011
Office and general	15b	567,346	624,279	2,036,772	2,418,957
Amortization		92,089	75,285	264,724	224,363
Share-based compensation	11c, e	82,944	73,445	1,046,333	1,063,406
Loss before finance items and other gains		\$ (2,088,097)	\$ (3,167,344)	\$ (7,935,203)	\$ (9,311,737)
Interest income and other income		7,188	13,663	26,378	36,557
Finance expense		(1,180,365)	(1,099,882)	(3,692,778)	(3,266,086)
Flow-through share premium		219,845	258,417	707,191	807,814
Gain on loan modification		265,411	-	265,411	1,782,834
Gain on sale of mineral property		-	-	-	152,000
Accretion expense		(1,280,848)	(1,395,830)	(4,184,691)	(4,171,281)
Re-measurement of repayment option	9c	259,189	2,139,971	421,087	944,820
Foreign exchange gain (loss)		(1,017,080)	922,241	1,369,010	(1,621,847)
Net loss		(4,814,757)	(2,328,764)	\$ (13,023,595)	\$ (14,646,926)
Other comprehensive loss					
Changes in fair value of investments in equity securities		-	(12,500)	-	(62,500)
Comprehensive loss		(4,814,757)	(2,341,264)	\$ (13,023,595)	\$ (14,709,426)
Loss per share - basic and diluted	12	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.04)



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	3,793,334	1,313,967	-	(455,767)	-	-	858,200
Exercise of warrants	500	230	(30)	-	-	-	200
Issuance of interest shares	3,308,645	1,158,120	-	-	-	-	1,158,120
Share-based compensation	-	-	-	1,063,406	-	-	1,063,406
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	-	-	-	-	(62,500)	-	(62,500)
Net loss for the period	-	-	-	-	-	(14,646,926)	(14,646,926)
Balance, September 30, 2018	363,334,960	\$ 207,471,942	\$ 2,205,704	\$ 36,803,468	\$ (62,500)	\$ (274,587,628)	(28,169,014)

	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(a)(ii)(iii)(iv), 11(b))	4,858,498	1,202,529				1,202,529
Share-based compensation (Note 11c,e)				1,046,333		1,046,333
Exercise of RSU	200,000	50,000		(50,000)		
Exercise of options						
Issuance of warrants			345,055	(260,305)		84,750
Issuance of Flow-through units (Note 11 b(i))	11,130,807	3,431,945				3,431,945
Flow-through share premium		(667,848)				(667,848)
Issuance of shares (Note 11b (ii)(iii)(iv))	1,836,667	464,533				464,533
Expiry of warrants			(806,769)	806,769		-
Net loss for the period					(13,023,595)	(13,023,595)
Balance, September 30, 2019	396,402,734	\$ 216,152,579	\$ 1,940,576	\$ 38,212,470	\$ (292,850,463)	\$ (36,544,838)



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

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

		Nine Months Ended	
	Note	September 30, 2019	September 30, 2018
Operating activities			
Net loss for the period		\$ (13,023,595)	\$ (14,646,926)
Amortization		264,724	224,363
Share-based compensation	11c, e	1,046,333	1,063,406
Accretion expense		4,184,691	4,171,281
Flow-through share premium		(707,191)	(807,814)
Issuance of interest shares		1,202,529	1,158,120
Re-measurement of repayment option		(421,087)	(944,820)
Issuance of shares (non-cash)		292,033	105,000
Accrued interest on long term debt	9b	2,290,532	2,070,567
Gain on loan modification		(265,411)	(1,782,834)
Gain on sale of mineral property		-	(152,000)
Unrealized foreign exchange (gain) loss		(1,367,767)	1,616,588
Net change in non-cash working capital:			
Taxes and other receivables		42,686	(246,428)
Supplies inventory		132,925	(145,847)
Prepaid expenses		8,028	(7,137)
Accounts payable and accrued liabilities		(168,254)	571,184
Flow-through share proceeds on sale of tax benefits		667,848	500,000
Net cash used in operating activities		\$ (5,820,976)	\$ (7,253,297)
Investing activities			
Acquisition of equipment		(70,798)	(47,120)
Proceeds on sale of mineral properties		-	77,000
Net cash provided by (used in) investing activities		\$ (70,798)	\$ 29,880
Financing activities			
Private placement, net of costs and sale of tax benefits		2,764,097	3,629,773
Proceeds from exercise of options		-	858,200
Proceeds from exercise of warrants		-	200
Lease payments		(76,417)	-
Lease inducement		49,387	-
Net cash provided by financing activities		\$ 2,737,067	\$ 4,488,173
Change in cash and cash equivalents		\$ (3,154,707)	\$ (2,735,244)
Effect of foreign exchange rates on cash and cash equivalents		(185)	117
Cash and cash equivalents, beginning of period		5,569,465	6,721,808
Cash and cash equivalents, end of period		\$ 2,414,573	\$ 3,986,681



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 September 30, 2019. At September 30, 2019, the Company had not yet achieved profitable operations, had an accumulated deficit of \$292.9 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 \$61.5 million as a result of the \$19.6 million convertible loan facility to RCF and the \$43.4 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 \$4 thousand and the flow-through share liability of \$0.4 million. Included in accounts payable and accrued liabilities is \$0.6 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 October 31, 2019, the Company finalized the extension on the terms of its convertible loan facility. The maturity date has been extended to November 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 is in discussion with RCF concerning a further extension to the loan facility.

The Company has a USD \$32.8 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 against certain chromite assets acquired in 2015 with limited recourse to the Company.

At September 30, 2019, the Company has a flow-through commitment to spend \$2 million on Canadian Exploration Expenditures by December 31, 2020 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.

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. These condensed consolidated interim financial statements were approved by the Audit Committee on behalf of the Board of Directors on November 7, 2019.

3. Significant Accounting Policies

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.

Noront Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars, unless otherwise noted)

For the three and nine months ended September 30, 2019 and September 30, 2018

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:	September 30, 2019	December 31, 2018
Cash deposits and restricted cash	\$ 2,314,469	\$ 5,467,526
Guaranteed investment certificate	100,104	101,939
	\$ 2,414,573	\$ 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

September 30, 2019	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	\$ 5,045,482	\$ 115,027	\$ 200,287	\$ 5,360,796
Accumulated Amortization	(3,908,838)	(105,870)	(190,797)	(4,205,505)
Closing Net Book Value	\$ 1,136,644	\$ 9,157	\$ 9,490	\$ 1,155,291
Opening Net Book Value	\$ 1,167,148	\$ 10,773	\$ 11,165	\$ 1,189,086
Additions	70,798	-	-	70,798
Re-measurement of provision ¹	87,134	-	-	87,134
Amortization	(188,436)	(1,616)	(1,675)	(191,727)
Closing Net Book Value	\$ 1,136,644	\$ 9,157	\$ 9,490	\$ 1,155,291
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

¹A 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.



Noront Resources Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the three and nine months ended September 30, 2019 and September 30, 2018

6. Mineral Properties

	September 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.



Noront Resources Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the three and nine months ended September 30, 2019 and September 30, 2018

7. **Leases**

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

The Company's significant lease contracts are for the offices in Toronto and Thunder Bay. The Company's Toronto lease expires in March 2023 and the Company's Thunder Bay lease expires in April 2022.

	September 30, 2019	
Opening balance, January 1, 2019	\$	346,134
Additions		85,797
Amortization for the period		(72,998)
Closing balance	\$	358,933

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 nine months ended September 30, 2019, interest of \$11,995 and \$20,132 was paid on the lease obligations.

	September 30, 2019	
Opening lease obligation	\$	346,134
Additions		85,797
Payments		(76,417)
Lease inducements		49,387
Closing lease obligation	\$	404,901

	September 30, 2019	
Short-term portion of lease obligation	\$	123,381
Long-term portion of lease obligation		281,520
Total lease obligation	\$	404,901



Noront Resources Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the three and nine months ended September 30, 2019 and September 30, 2018

8. Accounts Payable and Accrued Liabilities

	September 30, 2019	December 31, 2018
Accounts payable	\$ 224,945	\$ 98,439
Accrued liabilities	373,037	621,253
Accrued interest payable	9(a)(iv) 396,732	409,140
	\$ 994,714	\$ 1,128,832

9. Loan Facilities

	September 30, 2019	December 31, 2018
Current portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	\$ 19,592,390	\$ 18,135,019
Repayment option (c)	3,833	424,920
Long term loan (b)	43,399,762	-
	62,995,985	18,559,939
Long term portion of loan facilities		
Long term loan (b)	-	40,071,502
	\$ 62,995,985	\$ 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 September 30, 2019 owns approximately 20.8% 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.

On September 26, 2019, the Company entered into a sixth amending agreement with the Lender to extend the terms of the Convertible Loan to October 31, 2019. All other terms and conditions of the Convertible Loan remain the same.



Noront Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars, unless otherwise noted)

For the three and nine months ended September 30, 2019 and September 30, 2018

9. Loan Facilities (Continued)

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

The Company has determined that the fourth, fifth and sixth 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, \$1.9 million and \$0.3 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	September 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	(179,549)	1,478,176
Transaction costs - cash	(34,136)	-
Accretion of loan facility	1,936,467	2,958,285
Gain on loan modification	(265,411)	(3,648,477)
Balance, end of period	\$ 19,592,390	\$ 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) 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 of the Company. The interest shares are subject to a four month hold period, which expires on November 12, 2019.
- (v) As at September 30, 2019, the Company had accrued interest in the amount of \$396,732 for the third quarter of 2019.



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

Noront Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars, unless otherwise noted)

For the three and nine months ended September 30, 2019 and September 30, 2018

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).

	September 30, 2019	December 31, 2018
Balance, beginning of period	\$ 40,071,502	\$ 31,622,186
Foreign exchange (gain) loss	(1,188,404)	3,047,950
Accrued loan interest	2,290,532	2,803,114
Accretion of loan facility	2,226,132	2,598,252
Balance, end of period	\$ 43,399,762	\$ 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 September 30, 2019, the fair value attributed to the convertible feature was \$3,833 (December 31, 2018 - \$424,920).

10. Provision for Environmental Obligations

McFauld's Lake and Butler Lake

The Company has established a provision of \$1,764,058 and \$212,221 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 1.51% (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:

	September 30, 2019	December 31, 2018
Balance, beginning of period	\$ 1,867,054	\$ 1,852,310
Accretion expense for the period	22,091	38,941
Re-measurement of provision	87,134	(24,197)
Balance, September 30, 2019	\$ 1,976,279	\$ 1,867,054



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

Noront Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars, unless otherwise noted)

For the three and nine months ended September 30, 2019 and September 30, 2018

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	3,308,645	1,158,120
Exercise of options	3,793,334	1,313,967
Exercise of warrants	500	230
Balance, September 30, 2018	363,334,960	207,471,942
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	1,250,775	387,240
Exercise of options	310,000	79,050
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 shares (iii)	483,333	105,000
Issue of shares (iv)	750,000	172,500
Issue of interest shares (Note 9 a (i)(ii)(iii))	4,858,498	1,202,529
Balance, September 30, 2019	396,402,734	\$ 216,152,579

- (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.
- (iii) On August 20, 2019, the Company issued 333,333 shares to Marten Falls First Nation under the terms of a Project Advancement Agreement and 150,000 shares to Aroland First Nation under the terms of a Memorandum of Understanding.
- (iv) On September 26, 2019, the Company issued Algoma Steel Inc. 750,000 common shares and 750,000 warrants to purchase common shares for a 5 year option to enter into a 99 year ground lease agreement on a parcel of land owned by Algoma Steel Inc.
- (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.



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

11. Capital Stock (Continued)

(c) Stock Options (Continued)

For the three and nine months ended September 30, 2019, share-based compensation of \$81,680 and \$1,039,899 was charged to net income (three and nine months ended September 30, 2018 - \$70,601 and \$1,028,121) related to stock options.

- (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 September 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	

Noront Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars, unless otherwise noted)

For the three and nine months ended September 30, 2019 and September 30, 2018

11. Capital Stock (Continued)

(c) Stock Options (Continued)

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

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

(d) Warrants

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

	Number of Warrants	Weighted-Average Exercise Price
Balance, December 31, 2018	44,686,422	\$ 0.44
Expiry of Warrants	(17,545,442)	\$ 0.51
Private Placement Warrants	5,565,402	\$ 0.30
Option to lease Warrants	750,000	\$ 0.03
Balance, September 30, 2019	33,456,382	\$ 0.39

On April 12, 2019, 5,565,402 warrants were issued as a result of the private placement (Note 11 (b)(i)). Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.34 per share on or before April 12, 2021. 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

On September 27, 2019, 750,000 warrants were issued along with 750,000 common shares for a 5 year option to enter into a lease agreement (Note 11(b)(iv)). Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.26 per share on or before September 11, 2024. The fair value of the warrants were calculated using the following assumptions:

Expected volatility	65.31%
Risk Free interest rate	1.43%
Expected life	5 years



Noront Resources Ltd.

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For the three and nine months ended September 30, 2019 and September 30, 2018

11. Capital Stock (Continued)

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

For the three and nine months ended September 30, 2019, share-based compensation of \$1,264 and \$6,434 was charged to net income for PSUs and RSUs (three and nine months ended September 30, 2018 - \$2,844 and \$35,285).

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

Performance Share Units	Number of PSUs	Value at grant
At September 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	(200,000)	(50,000)
At September 30, 2019	465,483	\$ 109,671



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

Noront Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars, unless otherwise noted)

For the three and nine months ended September 30, 2019 and September 30, 2018

12. Loss Per Share

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Loss attributable to common Shareholders	\$ (4,814,757)	\$ (2,328,764)	\$ (13,023,595)	\$ (14,646,926)
Weighted average shares outstanding - basic	395,220,133	362,972,703	389,055,244	356,574,656
Loss per share - basic	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.04)

As a result of the net loss for the periods ended September 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 September 30, 2019, the Company is committed to incurring \$2 million in Canadian Exploration Expenditures by December 31, 2020.
- 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	95,531
2020	198,423
2021	152,829
2022	156,450
2023	48,626
2024 to 2038	181,706

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

14. Compensation of Key Management

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Salaries, benefits and directors' fees	\$ 398,482	\$ 390,815	\$ 1,194,642	\$ 1,287,250
Share-based compensation	78,606	122,974	962,306	837,265
	\$ 477,088	\$ 513,789	\$ 2,156,948	\$ 2,124,515

Key management includes the 5 directors and 6 members of the executive management team (three and nine months ended September 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.



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

Noront Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars, unless otherwise noted)

For the three and nine months ended September 30, 2019 and September 30, 2018

15. Supplementary Expense Information

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
a) Development and Exploration Expenditures				
Owner's costs	\$ 48,075	\$ 75,169	\$ 174,109	\$ 223,774
Exploration expenditure	1,211,814	2,233,315	4,137,601	4,971,238
Community engagement & permitting	81,531	33,724	243,899	266,638
Engineering, staking & other	4,298	52,127	31,765	143,361
	\$ 1,345,718	\$ 2,394,335	\$ 4,587,374	\$ 5,605,011

Included in development and exploration expenditures expenses for the three and nine months ended September 30, 2019 is \$496,625 and \$1,662,569 of salaries and benefits (three and nine months ended September 30, 2018 - \$598,093 and \$1,834,202) and \$112,847 and \$559,616 of fuel expenses (three and nine months ended September 30, 2018- \$272,217 and \$634,043). For the three and nine month periods, \$70 thousand and \$105 thousand of costs included in community engagement and permitting, respectively, was paid in the Company's shares to two First Nation communities.

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
b) Office and General:				
Salaries, benefits and directors' fees	\$ 378,473	\$ 352,948	\$ 1,218,273	\$ 1,199,995
Employee severance	-	-	32,332	-
Administrative and other expenses	65,559	140,052	290,824	462,468
Professional fees	74,719	75,964	255,589	442,296
Communications & travel	48,595	55,315	239,754	314,198
	\$ 567,346	\$ 624,279	\$ 2,036,772	\$ 2,418,957

16. Subsequent Events

On October 10, 2019, the Company satisfied the payment of interest of \$396,732 for the third quarter of 2019 through issuance of 1,640,744 common shares (the "Interest Shares") at an effective price of \$0.2418 per Interest Share. The Interest Shares are subject to a four month hold period, expiring on February 11, 2020.

On October 31, 2019, the Company entered into a seventh amending agreement with RCF to extend the term of its existing US\$15 million convertible debenture (the "Convertible Debenture"). The maturity date of the Convertible Debenture was extended until November 30, 2019. On November 27, 2019, the Company entered into an eighth amending agreement with RCF to extend the term of its existing US\$15 million convertible debenture (the "Convertible Debenture"). The maturity date of the Convertible Debenture was extended until December 31, 2019, subject to TSX approval. All other material terms and conditions remain the same. The Company is currently in the process of negotiating a longer-term extension with RCF that is envisioned to be completed prior to the termination date of this extension.

Subsequent to the quarter-end, the Company closed a non-brokered private placement for gross proceeds of \$2.06 million from the issuance of flow-through shares (the "FT Shares") and units (the "Units"). The Company issued 7,900,000 FT Shares at a price of \$0.25 per FT Share for gross proceeds of \$1,975,000 and 425,000 Units at a price of \$0.20 per Unit for gross proceeds of \$85,000 (the "Private Placement"). Each Unit consists of one common share of the Company and one common share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price of \$0.30 until November 20, 2021.



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