



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

(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, 2020	As at December 31, 2019
Assets			
Current Assets			
Cash and cash equivalents	5	\$ 2,408,863	\$ 7,331,777
Taxes and other receivables		65,317	41,944
Supplies inventory		28,898	92,859
Prepaid expenses		95,932	23,416
Total Current Assets		\$ 2,599,010	\$ 7,489,996
Non-Current Assets			
Equipment	6	1,043,540	1,096,142
Mineral properties	7	25,418,065	25,418,065
Investments		303,100	253,100
Right-of-use asset	8a	248,890	331,422
Option to lease		257,250	257,250
Total Non-Current Assets		\$ 27,270,845	\$ 27,355,979
Total Assets		\$ 29,869,855	\$ 34,845,975
Liabilities and Shareholders' Deficit			
Current Liabilities			
Accounts payable and accrued liabilities	9	\$ 1,011,274	\$ 815,671
Loan Facilities - due to Resource Capital Funds V L.P.	10a	18,294,002	-
Repayment option	10b	5,991,562	4,621,680
Flow-through share liability		43,998	865,963
Short-term portion of lease obligation	8b	135,439	126,932
Total Current Liabilities		\$ 25,476,275	\$ 6,678,839
Non-Current Liabilities			
Provision for environmental obligations	11	2,122,109	1,991,440
Loan Facilities - due to Resource Capital Funds V L.P.	10a	-	16,736,732
Loan Facilities - due to Franco-Nevada Corporation	10c	42,021,337	36,383,986
Long-term portion of lease obligation	8b	190,983	248,593
Total Non-Current Liabilities		\$ 44,334,429	\$ 55,112,158
Total Liabilities		\$ 69,810,704	\$ 61,790,997
Shareholders' Deficit			
Capital stock	12b	\$ 219,093,798	\$ 217,826,449
Warrants	12d	639,832	2,038,767
Contributed surplus		40,217,327	38,196,321
Deficit		(299,891,806)	(285,006,559)
Total Shareholders' Deficit		\$ (39,940,849)	\$ (26,945,022)
Total Liabilities and Shareholders' Deficit		\$ 29,869,855	\$ 34,845,975

Nature of Business and Going Concern (Note 1)
Commitments and Contingencies (Note 14)
Subsequent Events (Note 17)

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.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Expenses					
Development and exploration expenditures	16a	\$ 792,437	\$ 1,345,718	\$ 2,899,798	\$ 4,587,374
Office and general	16b	621,266	567,346	2,269,879	2,036,772
Amortization		83,394	92,089	250,181	264,724
Share-based compensation	12c, e	127,537	82,944	662,717	1,046,333
Loss before finance items and other items		\$ (1,624,634)	\$ (2,088,097)	\$ (6,082,575)	\$ (7,935,203)
Interest income and other income		3,339	7,188	167,857	26,378
Finance expense		(1,257,554)	(1,180,365)	(3,776,207)	(3,692,778)
Flow-through share premium		255,865	219,845	821,965	707,191
Gain on loan modification	10a	-	265,411	-	265,411
Accretion expense		(1,141,732)	(1,280,848)	(3,341,046)	(4,184,691)
Re-measurement of repayment option	10b	(206,641)	259,189	(1,369,882)	421,087
Foreign exchange gain (loss)		1,282,767	(1,017,080)	(1,355,354)	1,369,010
Net loss		(2,688,590)	(4,814,757)	\$ (14,935,242)	\$ (13,023,595)
Other comprehensive loss					
Changes in fair value of investments in equity securities		(12,500)	-	50,000	-
Comprehensive loss		(2,701,090)	(4,814,757)	\$ (14,885,242)	\$ (13,023,595)
Loss per share - basic and diluted	13	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)



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

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

	Common Shares	Capital Stock	Warrants	Contributed Surplus	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	4,858,498	1,202,529	-	-	-	1,202,529
Issuance of shares	1,836,667	464,533	-	-	-	464,533
Issuance of warrants	-	-	345,055	(260,305)	-	84,750
Share-based compensation	-	-	-	1,046,333	-	1,046,333
Exercise of RSU	200,000	50,000	-	(50,000)	-	-
Expiry of warrants	-	-	(806,769)	806,769	-	-
Issuance of Flow-through shares	11,130,807	3,431,945	-	-	-	3,431,945
Flow-through share premium	-	(667,848)	-	-	-	(667,848)
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)

	Common Shares	Capital Stock	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2019	407,059,728	\$ 217,826,449	\$ 2,038,767	\$ 38,196,321	\$ (285,006,559)	\$ (26,945,022)
Issuance of interest shares (Note 10(a),12(b))	7,978,465	1,226,703	-	-	-	1,226,703
Share-based compensation (Note 12c,e)	-	-	-	662,717	-	662,717
Exercise of RSU	165,375	40,646	-	(40,646)	-	-
Expiry of warrants	-	-	(1,398,935)	1,398,935	-	-
Net loss for the period	-	-	-	-	(14,885,242)	(14,885,242)
Balance, September 30, 2020	415,203,568	\$ 219,093,798	\$ 639,832	\$ 40,217,327	\$ (299,891,801)	\$ (39,940,849)



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, 2020	September 30, 2019
Operating activities			
Net loss for the period		\$ (14,935,242)	\$ (13,023,595)
Amortization		250,181	264,724
Share-based compensation	12c, e	662,717	1,046,333
Accretion expense		3,341,046	4,184,691
Flow-through share premium		(821,965)	(707,191)
Issuance of interest shares		1,226,703	1,202,529
Re-measurement of repayment option		1,369,882	(421,087)
Issuance of shares (non-cash)		-	292,033
Accrued interest on long term debt	10c	2,515,048	2,290,532
Gain on loan modification		-	(265,411)
Unrealized foreign exchange (gain) loss		1,354,059	(1,367,767)
Net change in non-cash working capital:			
Taxes and other receivables		(23,373)	42,686
Supplies inventory		63,961	132,925
Prepaid expenses		(72,516)	8,028
Accounts payable and accrued liabilities		195,603	(168,254)
Flow-through share proceeds on sale of tax benefits		-	667,848
Net cash used in operating activities		\$ (4,873,896)	\$ (5,820,976)
Investing activities			
Acquisition of equipment		-	(70,798)
Net cash used in investing activities		\$ -	\$ (70,798)
Financing activities			
Private placement, net of costs and sale of tax benefits		-	2,764,097
Lease payments		(94,005)	(76,417)
Lease inducement		44,901	49,387
Net cash provided by (used in) financing activities		\$ (49,104)	\$ 2,737,067
Change in cash and cash equivalents		(4,923,000)	(3,154,707)
Effect of foreign exchange rates on cash and cash equivalents		86	(185)
Cash and cash equivalents, beginning of period		7,331,777	5,569,465
Cash and cash equivalents, end of period		\$ 2,408,863	\$ 2,414,573



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, 2020. At September 30, 2020, the Company had not yet achieved profitable operations, had an accumulated deficit of \$299.9 million since inception (December 31, 2019, – \$285.0 million), expects to incur further losses in the development of its business, and had a negative net liquid working capital of \$16.8 million. Negative working capital at September 30, 2020 is a result of the RCF loan being classified as current at the end of the quarter. Net liquid working capital includes all current assets and current liabilities, and excludes the flow-through share liability of \$0.04 million and the repayment option of \$6.0 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 payable which was settled in shares subsequent to the quarter end.

On December 23, 2019, the Company finalized the extension on the terms of its USD \$15 million convertible loan facility with RCF. The maturity date has been extended to September 30, 2021. The loan facility continues to be convertible into common shares of the Company at the option of RCF, with the conversion price having been set at \$0.20 per common share with all other terms and conditions remaining the same. The Company will need to raise funds, negotiate an extension on the terms of its convertible loan facility or the holder has to convert the loan to equity as the Company does not have the cash nor cash flow to repay the facility.

The Company has a USD \$35.8 million loan facility, including accrued interest, with Franco-Nevada Corporation ("Franco"). 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. On December 23, 2019, the Company finalized an extension to the Franco loan facility to September 30, 2022 with all other terms and conditions remaining the same.

At September 30, 2020, the Company has a flow-through commitment to spend \$0.1 million during the year on Canadian Exploration Expenditures by December 31, 2020 as a result of a \$1.975 million Flow-Through financing completed on November 20, 2019.

The Company's ability to continue as a going concern is dependent upon its ability to repay or refinance its 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.

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, 2020 and 2019

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, 2019, 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, 2019, 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 5, 2020.

3. Significant Accounting Policies

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2019. Areas of judgment that have the most significant effect on the amounts recognized in the interim financial statements are disclosed in Note 3(s) of the Company's consolidated financial statements for the year ended December 31, 2019. There have been no significant changes to the areas of estimation and judgment during the three and nine months ended September 30, 2020.

4. Financial Risk Factors

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks are: credit risk, liquidity risk and market risk. The Company's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Company's financial performance.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the annual consolidated financial statements as at December 31, 2019. There have been no changes in the risk management or in any risk management policies since year end, except as noted below:

COVID-19 Pandemic

The rapid spread of the COVID-19 virus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken globally in response to COVID-19, have significantly disrupted business activities throughout the world. The Company's business relies, to a certain extent, on free movement of goods, services, and capital within Canada, which has been significantly restricted as a result of the COVID-19 pandemic.

Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the economy and the Company's business in particular, or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge concerning the severity of COVID-19 and additional actions which may be taken to contain COVID-19, as well as the timing of the re-opening of the economy in Canada. Such further developments could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

5. Cash and Cash Equivalents

Cash and cash equivalents consist of:	September 30, 2020	December 31, 2019
Cash deposits and restricted cash	\$ 2,308,752	\$ 7,231,421
Guaranteed investment certificate	100,111	100,356
	\$ 2,408,863	\$ 7,331,777

Cash includes restricted cash consisting of \$3,892, which is money held in trust for third party donations to First Nation communities (December 31, 2019 - \$3,892).



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6. Equipment

September 30, 2020	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	\$ 5,166,505	\$ 115,027	\$ 200,287	\$ 5,481,819
Accumulated Amortization	(4,137,883)	(107,701)	(192,695)	(4,438,279)
Closing Net Book Value	\$ 1,028,622	\$ 7,326	\$ 7,592	\$ 1,043,540
Opening Net Book Value	\$ 1,078,592	\$ 8,618	\$ 8,932	\$ 1,096,142
Re-measurement of provision ¹	115,047	-	-	115,047
Amortization	(165,016)	(1,293)	(1,340)	(167,649)
Closing Net Book Value	\$ 1,028,623	\$ 7,325	\$ 7,592	\$ 1,043,540
December 31, 2019	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	\$ 5,051,458	\$ 115,027	\$ 200,287	\$ 5,366,772
Accumulated Amortization	(3,972,866)	(106,409)	(191,355)	(4,270,630)
Closing Net Book Value	\$ 1,078,592	\$ 8,618	\$ 8,932	\$ 1,096,142
Opening Net Book Value	\$ 1,167,148	\$ 10,773	\$ 11,165	\$ 1,189,086
Additions	73,451	-	-	73,451
Re-measurement of provision	90,457	-	-	90,457
Amortization	(252,464)	(2,155)	(2,233)	(256,852)
Closing Net Book Value	\$ 1,078,592	\$ 8,618	\$ 8,932	\$ 1,096,142

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 11.



Noront Resources Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
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7. Mineral Properties

	September 30, 2020	December 31, 2019
(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

Treelawn/Peplinki 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 and Franco holds a 1% Gross Revenue Royalty over the Eagle's Nest deposit.

Black Thor, Black Label and Other Properties

These properties are subject to the following royalties granted to 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 Chromite Deposit has 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. Juno Corp. ("Juno") will have a 25% carried interest until the issuance of a NI 43-101 compliant resource on one of the properties, at which time Juno will have the option to convert the carried interest into a 1% NSR (the "Conversion Right"). If Juno does not elect to exercise its conversion right, the Company can elect to buy Juno'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.
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8. 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, 2020	December 31, 2019
Opening balance, January 1, 2020	\$ 331,422	\$ 346,134
Additions	-	85,797
Amortization for the period	(82,532)	(100,509)
Closing balance	\$ 248,890	\$ 331,422

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, 2020, interest of \$6,477 and \$21,192, respectively, was paid on the lease obligations.

	September 30, 2020	December 31, 2019
Opening lease obligation	\$ 375,525	\$ 346,134
Additions	-	85,797
Payments	(94,005)	(105,793)
Lease inducements	44,901	49,387
Closing lease obligation	\$ 326,421	\$ 375,525

	September 30, 2020	December 31, 2019
Short-term portion of lease obligation	\$ 135,439	\$ 126,932
Long-term portion of lease obligation	190,982	248,593
Total lease obligation	\$ 326,421	\$ 375,525



Noront Resources Ltd.
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9. Accounts Payable and Accrued Liabilities

	September 30, 2020	December 31, 2019
Accounts payable	\$ 407,349	\$ 217,458
Accrued liabilities	201,934	206,545
Accrued interest payable	10(a)(iii) 401,991	391,668
	\$ 1,011,274	\$ 815,671

10. Loan Facilities

	September 30, 2020	December 31, 2019
Current portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	\$ 18,294,002	\$ -
Repayment option (c)	5,991,562	4,621,680
	24,285,564	4,621,680
Long term portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	-	16,736,732
Long term loan (b)	42,021,337	36,383,986
	\$ 66,306,901	\$ 57,742,398

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, 2020 owns approximately 22.2% of the Company's common shares, in the aggregate principal amount of US\$15.0 million (the "Facility") with interest compounding quarterly at an annual interest rate of 8%. Interest is accrued on a quarterly basis. On February 25, 2014, the Facility automatically rolled into a convertible loan (the "Convertible Loan").

During 2019, the Company entered into several amending agreements with RCF to extend the terms of the Convertible Loan. The Company determined that the amendments between January 2019 and November 2019 represented non-substantial modifications of the existing loan and therefore the amendments were treated as loan modifications. As specified under IFRS 9, on the date of amendments, the Company reduced the carrying value of the Convertible Loan with RCF by \$0.8 million to reflect the amended cash flows discounted at the original effective interest rate, with a corresponding gain on loan modifications recognized in the statement of loss and comprehensive loss.

On December 23, 2019, the Company entered into a ninth amending agreement with the Lender to extend the terms of the Convertible Loan to September 30, 2021. The Convertible Loan continues to be convertible into common shares of the Company at the option of RCF, with the conversion price having been set at \$0.20 per common share (previously \$0.34 per common share), at any time prior to the maturity date. All other material terms and conditions of the Facility remain the same.

As the terms of the amendment to the Convertible Loan were substantially different from the terms of the existing Convertible Loan, the amendment is considered to be an extinguishment of the debt. Subsequent to December 23, 2019, the Convertible Loan is carried at amortized cost using the effective interest rate method.



Noront Resources Ltd.
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10. Loan Facilities (Continued)

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

Loan facility	September 30, 2020	December 31, 2019
Balance, January 1, 2019	\$ -	\$ 18,135,019
Transaction costs - cash	-	(34,136)
Accretion of loan facility	-	2,969,235
Foreign exchange (gain) loss	-	(598,186)
Gain on loan modification	-	(801,714)
Balance, December 23, 2019 - prior to loan extinguishment	-	19,670,218
Allocation to repayment option	-	(2,708,018)
Balance, beginning of period	\$ 16,736,732	\$ 16,962,200
Transaction costs - cash	-	(29,250)
Accretion of loan facility	1,090,132	25,814
Foreign exchange (gain) loss	467,137	(222,032)
Balance, end of period	\$ 18,294,001	\$ 16,736,732

- (ii) On January 10, 2020, the Company satisfied the payment of interest of \$391,668 for the fourth quarter of 2019 through issuance of 2,598,991 common shares of the Company. The interest shares were subject to a four month hold period, which expired on May 11, 2020.
- (iii) On April 13, 2020, the Company satisfied the payment of interest of \$424,182 for the first quarter of 2020 through issuance of 2,750,856 common shares of the Company. The interest shares are subject to a four month hold period, which expired on August 14, 2020.
- (iv) On July 10, 2020, the Company satisfied the payment of interest of \$410,853 for the second quarter of 2020 through issuance of 2,628,618 common shares of the Company. The interest shares are subject to a four month hold period, which expired on November 11, 2020.
- (v) As at September 30, 2020, the Company had accrued interest in the amount of \$401,991 for the third quarter of 2020.

b) 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 Repayment Option is classified as a current liability since the Lender's option to convert may be exercised at any point during the term of the Convertible Loan. 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, 2020, the fair value attributed to the convertible feature was \$5,991,562 (December 31, 2019 - \$4,621,680).



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10. Loan Facilities (Continued)

c) 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 ("Long Term 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 loan. Payment of both principal and accrued interest was 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 7 - Mineral Properties).

On December 23, 2019, the Company entered into an amending agreement with Franco to extend the Loan Agreement under substantially the same terms and conditions until September 30, 2022. As the term to maturity of the amendment to the Loan Agreement is substantially different from the term to maturity of the existing loan, the amendment is considered to be an extinguishment of the debt. As a result, a gain on debt extinguishment of \$7.2 million was recorded for the difference between the carrying value of the loan at the date of the amendment and the fair value of the cash flows under the amended terms. Subsequent to December 23, 2019, the Loan is carried at amortized cost using the effective interest rate method.

	September 30, 2020	December 31, 2019
Balance, beginning of period - Original loan facility	\$ -	\$ 40,071,502
Accrued loan interest	-	3,007,959
Accretion of loan facility	-	2,942,400
Foreign exchange (gain) loss	-	(2,047,113)
Gain on loan extinguishment	-	(7,241,336)
Balance, beginning of period - New loan facility	\$ 36,383,986	\$ 36,733,412
Accrued loan interest	2,515,048	70,889
Accretion of loan facility	2,235,292	61,920
Foreign exchange (gain) loss	887,012	(482,235)
Balance, end of period	\$ 42,021,338	\$ 36,383,986



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11. Provision for Environmental Obligations

McFauld's Lake and Butler Lake

The Company has established a provision of \$1,899,563 and \$222,546 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 \$2,080,802 for McFaulds Lake (December 31, 2019 - \$2,080,802) and \$243,788 for Butler Lake (December 31, 2019 - \$235,550).
- b) Nominal risk-free pre-tax discount rate of 0.91% (December 31, 2019 - 1.76%)
- c) Demobilization cost expected to be incurred in 10 years (December 31, 2019 - 10 years)

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

	September 30, 2020	December 31, 2019
Balance, beginning of period	\$ 1,991,440	\$ 1,867,054
Accretion expense for the period	15,622	33,929
Re-measurement of provision	115,047	90,457
Balance, September 30, 2020	\$ 2,122,109	\$ 1,991,440

12. Capital Stock

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

(b) Issued

	Number of Shares	Value
Balance, January 1, 2019	378,376,762	\$ 211,671,420
Issue of flow-through shares, net of costs	11,130,807	3,431,945
Flow-through share premium	-	(667,848)
Exercise of RSU	200,000	50,000
Issue of shares	1,836,667	187,033
Issue of interest shares	4,858,498	810,108
Balance, September 30, 2019	396,402,734	215,482,658
Issue of flow-through shares, net of costs	7,900,000	1,978,601
Flow-through share premium	-	(711,000)
Issue of shares	1,116,250	500,750
Issue of interest shares	1,640,744	789,153
Transaction costs - paid in shares	-	(213,713)
Balance, December 31, 2019	407,059,728	\$ 217,826,449
Exercise of RSU	165,375	40,646
Issue of interest shares (Note 10 a (ii))	7,978,465	1,226,703
Balance, September 30, 2020	415,203,568	\$ 219,093,798

(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.



12. Capital Stock (Continued)

(c) Stock Options (Continued)

For the three and nine months ended September 30, 2020, share-based compensation of \$78,062 and \$572,430 was charged to net income (three and nine months ended September 30, 2019 - \$81,860 and \$1,039,899) related to stock options.

- (i) On February 27, 2020, the Company granted 6,823,074 incentive stock options to management, employees and directors of the Company at an exercise price of \$0.145. 4,362,966 of these options vested immediately and 2,460,108 of these options vest over 2 years. The share price on February 27, 2020 was \$0.145.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	64.84%
Risk free interest rate	1.30%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of \$539,023.

- (ii) On July 26, 2020, the Company granted 200,000 incentive stock options to a director of the Company at an exercise price of \$0.16. 66,667 of these options vested immediately and 133,333 of these options vest over 2 years. The share price on July 16, 2020 was \$0.12.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	71.60%
Risk free interest rate	0.23%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of \$12,400.

- (iii) On September 30, 2020, the Company granted 50,000 incentive stock options a consultant of the Company at an exercise price of \$0.175. 16,667 of these options vested immediately and 33,333 of these options vest over 2 years. The share price on July 16, 2020 was \$0.13.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	74.17%
Risk free interest rate	0.23%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of \$3,350.

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12. Capital Stock (Continued)

The weighted-average remaining contractual life and weighted average exercise price of options outstanding and options exercisable as at September 30, 2020 are as follows:

Number of Stock Options Outstanding	Black-Scholes Value	Exercise Price	Remaining Contractual Life (Years)	Number of Stock Options Exercisable	Expiry Date
1,275,000	248,625	\$ 0.34	0.73	1,275,000	March 2021
400,000	76,000	\$ 0.33	0.79	400,000	April 2021
416,253	74,509	\$ 0.31	1.02	416,253	July 2021
4,103,417	582,685	\$ 0.25	1.66	4,103,417	February 2022
300,000	39,000	\$ 0.23	1.77	300,000	April 2022
600,000	121,200	\$ 0.35	1.94	600,000	June 2022
400,000	63,600	\$ 0.28	2.38	400,000	November 2020
5,131,532	1,072,490	\$ 0.35	2.65	5,131,532	February 2023
5,277,520	907,733	\$ 0.30	3.66	4,775,805	February 2024
1,500,000	222,000	\$ 0.26	3.78	1,000,000	April 2024
6,823,074	539,023	\$ 0.15	4.67	5,183,002	February 2025
200,000	12,400	\$ 0.16	4.80	66,667	July 2025
50,000	3,350	\$ 0.18	5.01	16,667	September 2025
26,476,796	\$ 3,962,615	\$ 0.26	2.88	23,668,343	

The following table summarizes the stock option transactions for the nine months ended September 30, 2020.

	Number of Options	Weighted-Average Exercise Price
December 31, 2019	21,928,722	\$0.32
Granted	7,073,074	\$0.15
Expired	(2,525,000)	\$0.41
Balance, September 30, 2020	26,476,796	\$0.26



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12. Capital Stock (Continued)

(d) Warrants

The following table lists the Company's warrants as at September 30, 2020. During the nine months ended September 30, 2020, no warrants were issued and 24,466,336 warrants expired.

	Number of Warrants	Weighted-Average Exercise Price
Balance, December 31, 2019	34,100,882	\$ 0.39
Expiry of Warrants	(24,466,336)	\$ 0.29
Balance, September 30, 2020 and December 31, 2019	9,634,546	\$ 0.33

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

For the three and nine months ended September 30, 2020, share-based compensation of \$49,475 and \$90,287 was charged to net income for PSUs and RSUs (three and nine months ended September 30, 2019 - \$1,264 and \$6,434).

The following tables list the Company's PSUs and RSUs as at September 30, 2020.

Performance Share Units	Number of PSUs	Value at grant
At December 31, 2019	3,000,000	\$ 455,095
Issued February 27, 2020	250,000	31,882
Expired February 27, 2020	(1,250,000)	(192,476)
At September 30, 2020	2,000,000	\$ 294,501

On February 27, 2020, 250,000 Performance Share Units ("PSUs") were granted to a senior officer of the Company. The share price on February 27, 2020 was \$0.145. The PSUs were assigned a value of \$31,882. Vesting of the PSUs shall occur upon the achievement of certain performance criteria.

The fair value assigned to the PSUs was estimated using the following assumption:

Expected Life 1 year

Restricted Share Units	Number of RSUs	Value at grant
At December 31, 2019	465,483	\$ 109,671
Issued February 27, 2020	553,648	80,279
Issued July 24, 2020	673,943	107,831
Issued September 30, 2020	1,101,419	187,241
Exercised	(165,375)	(40,646)
At September 30, 2020	2,629,118	\$ 444,376

On February 27, 2020, 553,648 Restricted Share Units ("RSUs") were granted to senior officers of the Company. The share price on February 27, 2020 was \$0.145. The RSUs were assigned a value of \$80,279.

On July 24, 2020, 673,943 Restricted Share Units ("RSUs") were granted to management, employees and directors of the Company. The share price on July 24, 2020 was \$0.16. The RSUs were assigned a value of \$107,831.

On September 30, 2020, 1,101,419 Restricted Share Units ("RSUs") were granted to management, employees and directors of the Company. The share price on September 30, 2020 was \$0.17. The RSUs were assigned a value of \$187,241.



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13. Loss Per Share

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Loss attributable to common Shareholders	\$ (2,688,590)	\$ (4,814,757)	\$ (14,935,242)	\$ (13,023,595)
Weighted average shares outstanding - basic	412,299,864	362,972,703	410,860,124	389,055,244
Loss per share - basic	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)

As a result of the net loss for the three and nine months ended September 30, 2020, 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.

14. 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, 2020, the Company is committed to incurring \$0.1 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:

	\$
2020	55,252
2021	208,458
2022	170,883
2023	49,566
2024	15,394
2025 to 2038	166,312

- c) As at September 30, 2020, 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, 2020, the amount of this contingent liability is approximately \$250,000.

15. Compensation of Key Management

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Salaries, benefits and directors' fees	\$ 273,069	\$ 398,482	\$ 1,070,470	\$ 1,194,642
Share-based compensation	74,579	78,606	524,803	962,306
	\$ 347,648	\$ 477,088	\$ 1,595,273	\$ 2,156,948

Key management includes the 5 directors and 6 members of the executive management team (three and nine months ended September 30, 2019 - 5 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.



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16. Supplementary Expense Information

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
a) Development and Exploration Expenditures				
Owner's costs	\$ 53,316	\$ 48,075	\$ 128,123	\$ 174,109
Exploration expenditures	732,875	1,211,814	2,697,343	4,137,601
Community engagement & permitting	-	81,531	2,616	243,899
Engineering, staking & other	6,246	4,298	71,716	31,765
	\$ 792,437	\$ 1,345,718	\$ 2,899,798	\$ 4,587,374

Included in development and exploration expenditures expenses for the three and nine months ended September 30, 2020 is \$191,199 and \$1,309,211 of salaries and benefits (three and nine months ended September 30, 2019 - \$496,625 and \$1,662,569) and \$71,700 and \$254,474 of fuel expenses (three and nine months ended September 30, 2019- \$112,847 and \$559,616).

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
b) Office and General:				
Salaries, benefits and directors' fees	\$ 312,835	\$ 378,473	\$ 1,147,221	\$ 1,218,273
Employee severance	135,252	-	445,946	32,332
Donations & sponsorships	114	-	32,139	-
Administrative and other expenses	72,627	65,559	292,667	290,824
Professional fees	88,834	74,719	230,202	255,589
Communications & travel	11,604	48,595	121,704	239,754
	\$ 621,266	\$ 567,346	\$ 2,269,879	\$ 2,036,772

17. Subsequent Events

On October 16, 2020, the Company satisfied the payment of interest of \$410,853 for the second third of 2020 through issuance of 2,628,618 common shares (the "Interest Shares") at an effective price of \$0.1563 per Interest Share. The Interest Shares are subject to a four month hold period, expiring on February 17, 2021.

