

NORONT



ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

Fellow Shareholders,

The past year was another busy and productive one for Noront as we advance the development of the Ring of Fire. The year started with the transformative acquisition of the Cliff's chromite properties allowing Noront to consolidate the Ring of Fire. Soon after, the Company was issued Terms of Reference (ToR) for the Environmental Assessment of our Eagle's Nest Project – a landmark achievement in the development of the region.

The issuance of exploration permits in the area by the provincial government later in the year allowed us to resume exploration efforts in this highly prospective terrain. We are currently focused on nickel-copper-platinum-palladium exploration and have engaged up to 30 local First Nations workers to support our program. We are also developing plans to continue the exploration of the McFauld's copper- zinc trend and we are actively exploring options for the development of our world class chromite assets. Noront is currently collaborating with Natural Resources Canada in analyzing chrome markets, products and technology.

Working closely with governments and First Nations is an important part of the development of the region and we are optimistic that the new federal government will be supportive, having flagged infrastructure and aboriginal communities as two of its highest priorities.

Regarding the development of infrastructure, the province has now consulted with industry and First Nations, and has completed independent engineering assessments. Noront is urging the province to publicly commit to a "holistic" plan for social and industrial infrastructure by the fall of this year. This will allow for the completion of the finalized environmental assessment study and get shovels in the ground by 2018. The role of the federal government will be determined once the provincial plan has been finalized.

We enhanced the Noront team this year with the additions of Stephen Flewelling as Senior Vice President, Mining and Projects and Sybil Veenman as a member of the Board of Directors. Both have had distinguished careers in the mining business and are eager to help Noront achieve its business goals in a disciplined, thoughtful and inclusive manner.

And as always, thank you to all of our shareholders for your support as we advance this very complex and high profile project. It takes time, but Noront is helping to shape the future of resource development in Canada ensuring that shareholders, First Nations and governments all benefit from this exciting and historical development.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alan Coutts', written in a cursive style.

Alan Coutts, P.Geo
President & CEO
Noront Resources Ltd.



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MANAGEMENT'S DISCUSSION AND ANALYSIS

(Expressed in Canadian Dollars)

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Noront Resources Ltd. ("Noront" or the "Company") for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion should be read in conjunction with the consolidated financial statements and the notes thereto for the same period as noted above (collectively, the "Financial Statements"). Additional Company information, including the Company's most recent Financial Statements, can be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com and the Company's website at www.norontresources.com. Information contained on the Company's website is not incorporated herein and does not form part of this MD&A.

All financial measures are expressed in Canadian dollars unless otherwise indicated.

Mathew Downey, P.Geo., Senior Geologist of Noront and a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), has reviewed and is responsible for the technical information contained in this MD&A. For further information on the McFaulds Lake Project, please refer to Noront's technical report titled "Feasibility Study, McFaulds Lake Property, Eagle's Nest Project, James Bay Lowlands, Ontario, Canada" dated October 19, 2012 (effective date September 4, 2012) (the "Feasibility Study"), prepared in accordance with the requirements of NI 43-101 and available on SEDAR and the Company's website. For further information on the Black Thor, Black Label and Big Daddy chromite deposits, please refer to Noront's technical report titled "National Instrument 43-101 Technical Report – Black Thor, Black Label and Big Daddy chromite deposits, McFaulds Lake Area, Ontario, Canada, Porcupine Mining Division, NTS 43D16 Mineral Resource Estimation (the "Acquired Properties Report"), prepared in accordance with the requirements for NI 43-101 and available on SEDAR and the Company's website.

This information is current as of March 30th, 2016.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes certain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information is provided as of the information currency date referred to above or, in the case of documents incorporated by reference herein, as of the date of such documents.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Examples of such forward-looking information include information regarding financial results and expectations for fiscal year 2016, such as, but not limited to, availability of financing, interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations (including those contained in the Feasibility Study), metal prices, demand for metals, currency exchange rates, cash operating margins, expenditures on property, plant and equipment, increases and decreases in exploration activity, changes in project parameters, joint venture operations, mineral resources and anticipated grades and recovery rates, information regarding planned infrastructure for the Ring of Fire Region required for the development of the Eagle's Nest Project (as hereinafter defined) and information regarding government support for such plan, approval of the Company's EA and EIS (as hereinafter defined) application for the Eagle's Nest Project and are, or may be, based on assumptions and/or estimates related to future economic, market and other factors and conditions. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking information.

Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the impact of general business and economic conditions; risks related to government

and environmental regulation, actual results of current exploration activities, conclusions of economic evaluations (including those contained in the Feasibility Study) and changes in project parameters as plans continue to be refined; problems inherent to the marketability of base and precious metals; industry conditions, including fluctuations in the price of base and precious metals, fluctuations in interest rates; government entities interpreting existing tax legislation or enacting new tax legislation in a way which adversely affects the Company; stock market volatility; competition; risk factors disclosed under the heading "Risks and Uncertainties"; risk factors disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form ("AIF") dated April 2, 2015, available electronically on SEDAR; and such other factors described or referred to elsewhere herein, including unanticipated and/or unusual events. Many of such factors are beyond Noront's ability to control or predict.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate as actual results and future events could differ materially from those reliant on forward-looking information.

All of the forward-looking information given in this MD&A are qualified by these cautionary statements and readers of this MD&A are cautioned not to put undue reliance on forward-looking information due to its inherent uncertainty. Noront disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law. This forward-looking information should not be relied upon as representing the Company's views as of any date subsequent to the date of this MD&A.

NOTE TO U.S. INVESTORS REGARDING MINERAL RESOURCE ESTIMATES

All mineral resource estimates contained in this MD&A have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System in compliance with Canadian securities laws, which differ from the requirements of United States securities laws. Without limiting the foregoing, this report uses the terms "measured mineral resources", "indicated mineral resources" and "inferred mineral resources". Any U.S. Investors are advised that, while such terms are recognized and required by Canadian securities laws, the U.S. Securities and Exchange Commission ("SEC") does not recognize them. Under U.S. standards, mineralization may not be classified as a "mineral reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the mineral reserve determination is made. Any U.S. investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Further, inferred mineral resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred mineral resources will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of an economic analysis, except in rare cases. Any U.S. investors are cautioned not to assume that all or any part of the inferred mineral resources exists, or that they can be mined legally or economically. Information concerning descriptions of mineralization and mineral resources contained in this MD&A has been prepared in accordance with Canadian requirements and may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

COMPANY OVERVIEW

Noront is engaged in the development, exploration and acquisition of properties prospective in base and precious metals, including: nickel, copper, zinc, platinum group elements (“PGE’s”), chromite, iron, titanium, vanadium, gold and silver. The Company is currently focused on the development of its 100% owned Eagle’s Nest deposit, a high grade nickel, copper, platinum and palladium deposit located in the James Bay Lowlands of Ontario (the “Eagle’s Nest Project”), within a geological feature (intrusion) commonly referred to as the “Ring of Fire”. On September 5th, 2012, the Company released the Feasibility Study on the Eagle’s Nest project demonstrating positive economic returns.

The Company also has an advanced exploration stage chromite project known as “Blackbird”; two nickel-copper-platinum group metal discoveries known as “Eagle Two” and “Blue Jay”; an iron-vanadium-titanium discovery known as “Thunderbird”; and a shear-hosted gold occurrence called “Triple J”.

As a result of the transaction with Cliffs Natural Resources Inc. which closed on April 28, 2015, the Company acquired approximately 103 claims in the Ring of Fire including a 100% interest in the Black Thor chromite deposit; a 100% interest in the Black Label chromite deposit, a 70% interest in the Big Daddy chromite deposit, 85% interest in the McFauld’s Lake copper-zinc resource and other diamond exploration properties.

Noront now holds interest, mineral, and exploration rights to approximately 103,030 hectares of ground in Ontario, New Brunswick and Quebec.

In Ontario, Noront holds interest, mineral, and exploration rights to 396 claims and 1 mining lease, totaling approximately 89,796 hectares of ground. Of that, 357 claims and 1 mining lease, totaling approximately 84,116 hectares of ground, are located in the “Ring of Fire”. Noront is the largest land holder in the Ring of Fire and has 100% mineral exploration rights to 273 claims of approximately 61,008 hectares, 85% mineral exploration rights to 71 claims of approximately 15,936 hectares, 70% mineral exploration rights to 5 claims of approximately 1,216 hectares, 50% mineral exploration rights to 7 claims of approximately 1,792 hectares, and 45% mineral exploration rights to 1 claim of approximately 64 hectares. Noront also holds 100% mining rights to one mining lease covering 4,100 hectares, and of that, Noront has surface rights to 3,510 hectares.

In addition to properties in the Ring of Fire, Noront holds a 30% interest in 6 claims of approximately 688 hectares on the MacFadyen property near the Victor Diamond Mine. Noront also holds 100% mineral rights to 3 claims of approximately 256 hectares in the Bull Lake area near Elliot Lake (west of Sudbury) and 30 claims of approximately 4,736 hectares on the Sungold property near Quetico Provincial Park.

In New Brunswick, Noront holds interest, mineral, and exploration rights to 594 claim units covering approximately 13,234 hectares. Of this total, Noront holds a 49% interest in the Burnt Hill tin-tungsten-molybdenum property (390 claim units totaling 8,653 hectares) located in the southern-central part of the province and a 40% interest in the Golden Ridge gold property (204 claim units totaling 4,581 hectares) located adjacent to the Maine, U.S.A. border in the south-western part of the province.

In Quebec, Noront holds 100% interest, mineral, and exploration rights to 2 claims covering approximately 112 hectares on the Dalhousie property, located near Matagami, Quebec.

OBJECTIVES

Management’s goals for 2015 were to progress the Eagle’s Nest Project by obtaining approval of the Environmental Impact Statement and Environmental Assessment (“EA”), updating the 2012 feasibility study on Eagle’s Nest and garnering formal commitments on access infrastructure to the Ring of Fire from government. Progress on the EA and on infrastructure commitments is dependent on the progress of the provincial government and First Nation’s negotiations on the Regional Framework Agreement. The scope of the Regional Framework includes negotiations on regional infrastructure and First Nation’s participation in the Environmental Assessment process for projects being developed on the traditional territories of the Matawa First Nations. As a result, the Company deferred work on updating its previously released feasibility study on Eagle’s Nest instead focusing on progressing the permitting and infrastructure files and, opportunistically, consolidating the Ring of Fire.

During the year management was successful in consolidating the Ring of Fire through its acquisition of the Cliffs Chromite Deposits and associated land package. The Consolidation of the Ring of Fire was advantageous for the Company from a land perspective since

the Company now controls all the major deposits discovered in the Ring of Fire to date and has additional highly prospective land in the region. The acquisition of the Cliffs assets also ensured that the Company is the primary industry stakeholder in the infrastructure discussions with government and First Nations.

The Company was also successful in progressing permitting on Eagle's Nest through the approval of the Company's Terms of Reference for the Eagle's Nest Environmental Assessment. Once the Company has stakeholder alignment on infrastructure and a specific commitment from the province to construct a shared transportation corridor, the Company plans to, subject to financing, complete the Environmental Assessment work including consultation requirements with local First Nations.

The next major development milestone for Eagle's Nest is a specific commitment from the Provincial Government of Ontario to construct a shared transportation corridor that would provide all season access to the remote communities in the Ring of Fire as well as provide industrial access to the region. The Company continues to work with the Provincial Government of Ontario to facilitate stakeholder alignment on the routing of the access corridor. The Ontario Government and Federal Government have funded a First Nations led study for communities that would be served by an East – West transportation corridor. This study is expected to be completed in the first half of 2016. The Company anticipates a specific funding allocation from the government's \$1 billion dollar commitment for Ring of Fire infrastructure once a holistic access plan is endorsed by regional stakeholders.

The Company plans, subject to financing, to update the Eagle's Nest Feasibility Study once access infrastructure is formally committed to the Ring of Fire. Management has identified certain opportunities to simplify aspects of the mine and mill project including putting the process plant on surface as opposed to underground and simplifications to the mine design.

The Company views the Ring of Fire as an emerging mining camp and expects the Eagle's Nest Project to be the first of several mines developed in the area. In order to achieve this vision, the Company is investing in exploration and has put together an exploration strategy and plan. The Company embarked on an exploration program during the year which consisted of geophysical surveys on high priority targets. The second phase of these surveys is currently being completed. The Company will be evaluating targets from the geophysical surveys for drill testing in 2016.

Management believes the large chromite deposits in the Ring of Fire represent a significant opportunity and the Company plans to further evaluate these deposits with the objective of incorporating them into its development plans. The Company also acquired several properties outside the Ring of Fire as a result of the transaction in which the Company purchased the entities which held the Black Thor and Big Daddy Chromite deposits. The Company plans to review these holdings and to develop a strategy for them, subject to financing.

Management is of the view that it is advantageous to develop its properties, explore for new deposits and take advantage of acquisition opportunities in periods of low commodity prices. This will enable the Company to benefit from the advancement and growth of its property position once normalized commodity prices return.

The Company's primary objectives for fiscal 2016 are:

- obtain a specific commitment from the provincial / federal government on the Company's proposed East – West Access Road including a timeline for construction;
- fund an ongoing systematic exploration program in the Ring of Fire and make new discoveries focused initially on the nickel, copper and platinum group metal potential;
- develop a strategy for the Company's chromite assets and incorporate it into its development pipeline;
- rationalize its property position outside of the Ring of Fire and develop a strategy for them;
- seek opportunities to add high quality exploration or development properties; and
- maintain a strong treasury position to support its near and long term needs.

STRATEGY

Eagle's Nest Regional Development

Access infrastructure to the Ring of Fire is required in order for any mine development to proceed. The infrastructure for the Ring of Fire will be shared between local communities, Noront and other industrial users. The Company included its preferred access route (the "East-West Route") in its EIS/EA to ensure the transportation corridor would be ready for construction when anticipated support is formally committed by the Provincial Government of Ontario (the "Provincial Government"), the Federal Government of Canada (the "Federal Government") and other key stakeholders.

The Company plans to continue to work closely with government to facilitate stakeholder alignment on the access road. The First Nations led study on the access road is slated to be complete in the first half of 2016.

Exploration

The Company has spent considerable time reviewing historical geophysical and geological data from previous surveys and drilling programs in the Ring of Fire. The Company has developed a targeting model for massive nickel sulphides which combined with new advanced geophysical surveys are being used to generate drill targets. The exploration plan has prioritized areas to first conduct gradient IP surveys which is used as a broad targeting tool, the best anomalies from these surveys are then selected for Transient Electro Magnetic (TEM) testing. The Company uses the Lamontagne Geophysics UTEM 5, TEM system for testing. The UTEM 5 survey refines targeting to highly conductive massive sulphide targets between surface and approximately 450 metres in depth. High quality UTEM 5 anomalies will be selected for drill testing.

Chromite Projects

The Company acquired significant chromite deposits in the Ring of Fire during the year including a 100% ownership of the Black Thor deposit, 70% ownership of the Big Daddy Deposit and 100% ownership of the Black Label Deposit. These acquired properties are in addition to the Company's 100% owned Blackbird chromite deposit which combined represent potentially multi-generational mining projects.

The Company will be developing a strategy and business plan for its chromite deposits. In doing so, the Company will be able to leverage existing technical data, which was compiled by Cliffs the prior owner of the properties, in support of a previous feasibility study.

As part of the transaction in which the Company acquired the chromite properties, the Company acquired properties outside of the Ring of Fire. The Company plans to review these properties and develop a strategy around them.

Finance

The Company continues to be diligent and successful in preserving and raising funds despite the challenging financial market. The Company will continue to monetize non-core assets, and manage corporate overhead while continuing to advance its projects.

SIGNIFICANT EVENTS

On April 17, 2015, the Company was saddened to announce the passing of its Chief Operating Officer Paul Semple, a well-known and respected leader in the mining industry.

On April 28, 2015, the Company completed the Cliffs Transaction, as a result of which the Company acquired the shares of Cliffs Chromite Ontario Inc. ("CCOI") and Cliffs Chromite Far North Inc. ("CCFNI", together with CCOI, the "Acquired Companies"). The Acquired Companies were amalgamated through pre and post-closing reorganizations and now operate together as Noront Muketei Minerals Ltd. ("Noront Muketei"). Through the Cliffs Transaction, the Company indirectly acquired more than 100 claims in the Ring of Fire, including (i) a 100% interest in each of the Black Thor and Black Label chromite deposits, (ii) a 70% interest in the Big Daddy chromite deposit, and (iii) an 85% interest in the McFauld's Lake copper zinc deposit. Through such acquisition, the Company also indirectly acquired approximately 13.8% of the outstanding shares of KWG Resources Inc. and 3.3% of the outstanding shares of Debut Diamonds Inc.

The purchase price for the Cliffs Transaction of US\$27.5 million was paid in cash at closing. Financing for the Cliffs Transaction, in the aggregate amount of US\$28.5 million was obtained from Franco-Nevada Corporation ("Franco-Nevada"), of which US\$25.0 million was provided as a loan (the "Acquisition Loan") and US\$3.5 million was in part payment for the granting by the Company of royalties to Franco-Nevada.

The Acquisition Loan has a term of five years. Interest accrues at a rate of 7% per annum, with both principal and interest being payable only at maturity. The obligations of the Company in respect of the Acquisition Loan are secured by the assets of Noront Muketei.

The Company granted to Franco-Nevada a 3% royalty over the Black Thor deposit and a 2% royalty over each of the Company's other existing property interests in the Ring of Fire, other than to the Eagle's Nest project, the Big Daddy Chromite deposit and the McFauld's Lake copper, zinc VMS deposit (in respect of which no royalty was granted). Such royalties are gross smelter royalties in respect of chromite production and net smelter royalties in respect of any other production.

On June 19, 2015 Stephen Flewelling, P. Eng., joined Noront's executive team as Senior Vice President, Mining & Projects. Steve is a senior mining executive with more than 30 years of experience in exploration, feasibility planning, project development, construction and operations. He has worked domestically and abroad in a variety of roles and across multiple commodities. Most recently, Mr. Flewelling was Senior Vice-President of Projects and Exploration at Glencore / Xstrata Nickel.

On June 22, 2015, the Company received a Notice of Approval from the Ontario Ministry of Environment and Climate Change on the Terms of Reference for its Eagle's Nest nickel-copper-platinum-palladium project. The Terms of Reference allows the Company to move forward on the environmental assessment (EA) process for what is expected to be the first mine in the Ring of Fire.

On June 30, 2015, the Company entered into a definitive agreement with Resource Capital Fund V L.P. (RCF) for a US \$2.0 million bridge loan facility (the "Facility"). The establishment fee of 2% of the principal amount of the Facility was paid to RCF by issuance of 101,852 Common Shares.

On August 21, 2015, the Company filed a NI 43-101 compliant technical report for its recently acquired Black Thor, Black Label and Big Daddy chromite deposits in the Ring of Fire which it acquired from Cliffs Natural Resources in April 2015. Black Thor and Black Label are 100% owned by Noront while Big Daddy is a joint venture between Noront (70%) and Canada Chrome mining Corporation (30%).

On August 31, 2015, the Company announced the addition of Sybil Veenman to Noront's Board of Directors. Ms. Veenman is a senior mining executive with over 20 years of experience having most recently served as Senior Vice-President and General Counsel at Barrick Gold Corporation.

On September 4, 2015, the Company completed a non-brokered private placement by issuing 1,535,000 flow-through common shares at a price of \$0.38 cents per flow-through share, representing gross proceeds of \$583,300 and the issuance of 2,907,575 units at a purchase price of \$0.33 per unit representing gross proceeds to the Company of \$959,500. Each unit consists of one common share and one half a common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of Noront for a period of two years from the date of closing at a price of \$0.47 per common share. The shares issued under the offering are subject to a hold period of four months plus one day, which will expire on January 5, 2016.

On November 24, 2015, the Company announced the closing of a private placement (the "offering") of 4,824,218 flow-through common shares at a price of \$0.50 per flow-through common share for gross proceeds of \$2,412,109. The common shares are subject to a four month plus one day hold period which expires on March 25, 2015. The gross proceeds from the offering are being used to continue exploration efforts in the Ring of Fire. The Company paid a cash finder's fee equal to 6% of the gross proceeds in connection with the offering. The company also issued 50,000 common shares at a price of \$0.40 per common share in satisfaction of an advance royalty payment due on one of its properties outside of the Ring of Fire. The common shares are also subject to a four month plus one day hold which expires on March 26, 2015.

On December 31, 2015, the Company signed an agreement extending its US\$15 million convertible debenture with Resource Capital Fund V (RCF) to June 30, 2016. The Company also agreed on terms of sale of a 1% net smelter return royalty (NSR) over the Eagle's Nest deposit to RCF for US\$2.5 million of which 0.5% of the NSR can be bought back for US\$3.125 million for a period from 30 months from closing. The royalty sale transaction closed subsequent to the year-end on January 14th, 2016; US\$2.0 million of the proceeds were used to repay the RCF US\$2.0 million bridge loan facility.

Pursuant to the loan agreement entered into between Noront and RCF (a major shareholder with a 21.19% ownership position in the Company), dated February 26, 2013 and a bridge loan agreement dated June 30, 2015, the Company has satisfied the payment of interest for each quarter of calendar 2015 by delivery of the following common shares of the Company (the "Interest Shares"):

- a) 728,588 Interest Shares to RCF on April 10, 2015, at an effective price of \$0.5219 per Interest Share.
- b) 912,859 Interest Shares to RCF on July 10, 2015, at an effective price of \$0.4588 per Interest Share.
- c) 1,387,135 Interest Shares to RCF on October 13, 2015 at an effective price of \$0.3435 per Interest Share.
- d) 1,240,846 Interest Shares to RCF on January 12, 2015, at an effective price of \$0.3971 per Interest Share. These Interest Shares are subject to a four month hold period which will expire on May 11, 2016
- e) 29,391 Interest Shares to RCF on January 14, 2016, at an effective price of \$0.3900 per Interest Share. These Interest Shares are subject to a four month hold period which will expire on May 21, 2016. This payment was made to satisfy interest due on the US\$2.0 million RCF Bridge Loan Facility from the period January 1, 2016 to the date the facility was settled in full.

Subsequent to the year end, the Company closed a prospectus financing for gross proceeds of \$6.33 million consisting of units with a price of \$0.35 per unit and flow through units with a price of \$0.45 per flow through unit. Each unit consisted of one common share and one warrant to purchase a common share at a price of \$0.50 for a period of 36 months. Each flow through unit consisted of one flow through common share and one half of a warrant with each full warrant exercisable to purchase one common share at a price of \$0.55 for a period of 36 months. The Company raised \$6,332,772 through the issuance of 12,301,492 units for gross proceeds of \$4,305,522 and 4,505,000 flow-through units for gross proceeds of \$2,027,250. As a precondition to the prospectus financing, RCF provided the Company with an undertaking to extend its US\$15 million convertible loan to March 17, 2017.

On March 30, 2016, the Company closed a private placement financing raising total gross proceeds of \$1.14 million. The financing consisted of 1,500,000 units at a price of \$0.35 per unit for gross proceeds of \$525,000 with each unit comprised of one common share and one common share purchase warrant (each whole warrant entitling the holder to purchase one common share at a price of \$0.50 per share for a period of 36 months from closing) and 1,366,666 flow-through units at a price of \$0.45 per flow-through unit for gross proceeds of \$615,000 with each flow-through unit comprised of one flow-through share and one-half of one common share purchase warrant (each whole warrant entitling the holder to purchase one common share at a price of \$0.55 per share for a period of 36 months from closing).

EAGLE'S NEST

The Company completed a Feasibility Study in accordance with the requirements of NI 43-101, with an effective date of September 4, 2012, by Independent Consultants¹ under the supervision of Micon International. In accordance with NI 43-101 the Company classifies the Eagle's Nest Deposit as a reserve and resource. The feasibility study entitled "NI 43-101 Technical Report – Feasibility Study – McFaulds Lake Property, Eagle's Nest Project, James Bay Lowlands, Ontario, Canada" is available on www.sedar.com.

The Feasibility Study is based on annual production of approximately 150,000 tonnes of high grade nickel-copper concentrate containing approximately 34 million pounds (15 thousand tonnes) of nickel, 19 million pounds (8.5 thousand tonnes) of copper, 23 thousand ounces of platinum and 89 thousand ounces of palladium with estimated operating costs (including road access fees) of \$97 per tonne. The mineral reserves support a mine life of 11 years mining one million tonnes of ore per annum. Given the high-grade nature of the Eagle's Nest deposit and significant by-products of copper, platinum and palladium, the Company anticipates that Eagle's Nest, once in production, will be one of the lowest cost nickel sulphide mines in the world.

The Company plans to update its Feasibility Study and complete project permitting once the shared transportation corridor to the Ring of Fire is formally committed to by the Provincial Government of Ontario and necessary financing is arranged. Management has identified certain opportunities related to the mine and mill project including putting the process plant on surface as opposed to underground and simplifications to the mine design.

¹ The feasibility study was completed by Micon International and included technical input from: Tetra Tech WEI, Cementation Canada Ltd., Knight Piesold Ltd., Penguin ASI, SGS Canada Inc., Outotec, Ausenco, Nuna Logistics, and Golder Associates.

Eagle's Nest has the following royalty obligations:

- a 1% Net Smelter Royalty (NSR) 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; and
- a 1% NSR half of which may be repurchased by the Company for US\$3.125 million until June 14, 2018.

CHROMITE PROJECTS

The Company has the following chromite resources²:

Deposit	Classification	Tonnes (Millions)	Cr ₂ O ₃ %
Blackbird	Measured Resources	9.30	37.44
	Indicated Resources	11.20	34.36
	Meas. + Ind. Resources	20.50	35.76
	Inferred Resources	23.50	33.14
Black Thor	Measured Resources	107.60	32.20
	Indicated Resources	30.20	28.90
	Meas. + Ind. Resources	137.70	31.50
	Inferred Resources	26.80	29.30
Black Label	Measured Resources	---	---
	Indicated Resources	5.40	25.30
	Meas. + Ind. Resources	5.40	25.30
	Inferred Resources	0.90	22.80
Big Daddy	Measured Resources	23.30	32.10
	Indicated Resources	5.80	30.10
	Meas. + Ind. Resources	29.10	31.70
	Inferred Resources	3.40	28.10

A cut-off grade of 20% Cr₂O₃ was used in the above tables except for the Blackbird Resource which was estimated using a 30% cut-off grade

The Company has a 70% interest in the Big Daddy Chromite deposit with the other 30% held by Canada Chrome Mining Corporation, a wholly owned subsidiary of KWG Resources Inc.

The Blackbird deposit is 2 km from the Company's Eagle's Nest project is conducive to bulk underground mining and can potentially share infrastructure with Eagle's Nest. The Blackbird Resource is a classic stratiform deposit with original chromite layers broken up into segments 300 to 400 metres in length. Chromite layers are sub-vertical and extend from surface to below 300 metres. There are four massive segments, grading approximately 35% Cr₂O₃ and ranging from 5 to 35 metres in average true thickness.

The Black Thor, Black Label and Big Daddy Chromite deposits are 5 to 8 km away from Eagle's Nest. These deposits come to surface and are conducive for bulk mining with chromite lenses averaging between 40 and 80 metres in true width (with maximum widths at Black Thor reaching up to 130 metres).

As a result of the transaction in which the Company purchased the Black Thor, Black Label and Big Daddy Chromite deposits, the Company acquired a significant amount of technical data which the Company will be reviewing in order to put together a plan to progress any potential chromite opportunity. The Company believes these resources are sufficient to support a mine plan in excess of 50 years.

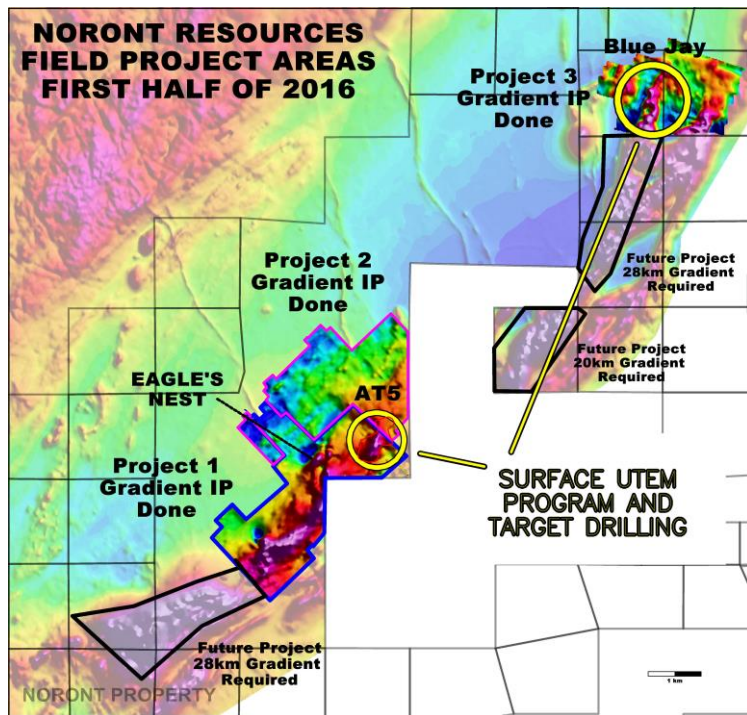
² Resource estimates for Blackbird from "National Instrument 43-101 Technical Report Feasibility Study McFaulds Lake Property, Eagle's Nest Project, James Bay Lowlands, Ontario, Canada" dated September 4, 2012, (page 96) completed by Micon International. Resource estimates for Black Thor, Black Label and Big Daddy from "National Instrument 43-101 Technical Report, Black Thor, Black Label and Big Daddy Chromite Deposits, McFaulds Lake Area, Ontario, Canada, Porcupine Mining Division, NTS 43D16, Mineral Resource Estimation Technical Report" dated July 27th, 2015, prepared by Alan Aubut, P. Geo., of the Sibley Basin Group.

The Black Thor Chromite deposit has a 3% Gross Smelter Royalty (GSR) and the Blackbird and Black Label Chromite deposits have a 2% GSR. There is no royalty on the Company's interest in the Big Daddy Chromite deposit.

RING OF FIRE REGIONAL EXPLORATION

The Company completed phase one of its nickel-copper-platinum-palladium exploration program at the end of November 2015. Subsequent to year-end, the Company completed a second round of regional ground-based Gradient Induced Polarization (IP) surveys covering a five square kilometre region. The Gradient IP surveys are used as a first pass screening tool to identify chargeable areas that can host significant large sulfide systems, which in conjunction with favorable geology will warrant further detailed follow up via electromagnetic surveying and drilling.

The surveys centered on the areas known as AT-5 and Blue Jay which are approximately 1km and 9km, respectively, from the Company's Eagle's Nest nickel-copper-platinum-palladium deposit. These targeted areas are situated along a favourable footwall contact and comprise part of the regional geological system hosting Eagle's Nest. The geophysical map below shows the areas of the recent IP surveys:



Following the successful Gradient IP surveys, Noront began executing low frequency UTEM 5 surveys over the AT-5 and Blue Jay target areas. This process refines targeting to highly conductive massive sulphide targets between surface and approximately 450 metres depth. It is the objective of Noront to follow-up on the UTEM 5 targets with drilling where the UTEM 5 target meets the Company's success criteria.

The Company is carrying out its nickel sulphide exploration program sequentially over the favourable 30km footwall ultramafic contact. It is Noront's intent through numerous phases of exploration to test the footwall contact for nickel-copper-platinum-palladium deposits as funding is made available to do so. The Company plans to generate additional targets as this footwall contact is explored.

There is a 3% GSR on any chromite production and a 2% NSR on all other mineral production from the Company's Ring of Fire Regional Exploration properties.

OTHER PROJECTS

McFauld's Lake VMS Deposits

The two McFauld's deposits are volcanic massive sulphide type occurrences and are the centerpiece of an 80 claim property held 85% by the Company and 15% held by KWG Resources. In August 2008, a NI-43-101 report was filed by Spider Resources Inc. and UC Resources Limited, former Joint Venture partners with KWG Resources Inc., with the following resources³:

Deposit	Classification	Tonnes	Grade (% Cu)	Grade (% Zn)
McFaulds 3	Indicated Resource	802,000	3.75	1.1
McFaulds 1	Inferred Resource	279,000	2.13	0.58

Mineral resources were estimated using a cut-off grade of 1.5% Cu

The Company believes there is significant opportunity for additional VMS mineralization along this favorable 10 km horizon.

Burnt Hill, New Brunswick

The Burnt Hill Tungsten properties straddle the Southwest Miramachi River some 70 km NW of Fredericton, New Brunswick. The properties contain tungsten, molybdenum and tin mineralization mainly in quartz veins that cut argillic sediments on the periphery of granitoid plutons. The Company has a 49% interest in the property with Cadillac Ventures Inc. The Company has no activity planned for these properties for the current fiscal year.

SELECTED ANNUAL FINANCIAL INFORMATION

The following financial data are derived from the Company's financial statements for the year ended December 31, 2015 and the year ended December 31, 2014 and have been prepared in accordance with IFRS:

(expressed in \$ thousands except per share amounts)	Year ended	
	December 31,	
	2015	2014
Development and exploration expenditures	5,014	6,308
Office and general	4,128	4,009
Amortization	486	479
Share-based compensation	920	905
Interest income	17	98
Interest expense	3,317	1,379
Gain on sale of marketable security	142	-
Gain on sale of royalty	4,149	-
Gain on disposal for fixed asset	-	6
Accretion expense	(2,352)	(472)
Net income (loss)	(19,431)	(14,294)
Net earning (loss) per share - basic and diluted ⁽¹⁾	(0.08)	(0.06)
Cash flow used in operations	(7,961)	(10,769)
Cash and cash equivalents	3,099	4,803
Working Capital ⁽²⁾	(23,426)	(12,644)

⁽¹⁾ Fully diluted weighted average common shares outstanding, used in the calculation of fully dilutive net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation.

⁽²⁾ Working capital includes all current assets and current liabilities, excluding non-cash repayment options

³ Resource estimates from "Updated Technical Report on the McFaulds Lake Project, Porcupine Mining Division, James Bay Lowland, Ontario, Canada" dated August 30th, 2008, prepared by Deep Search Exploration Technologies Inc.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Development and Exploration Expenditures

(expressed in \$ thousands)	Year ended December 31,	
	2015	2014
Owner's Costs	\$ 1,528	\$ 1,520
Camp Operations/Exploration Expenditure	2,584	1,950
Permitting	500	2,362
Engineering/Site & Road Geotechnical	402	1,043
Other	-	(567)
Total	\$ 5,014	\$ 6,308

Owner's Costs

Owner's costs consist of the Company's project management personnel and direct consultants. On an annualized basis, the costs are consistent with the prior year ended December 31, 2014.

Camp Operations & Exploration Expenditure

During the year ended December 31, 2015, \$1.7 million was spent on maintaining the Company's camp in the Ring of Fire, prior to the start of exploration activity, and \$0.9 million was spent on exploration. This compared to \$1.9 million spent in the prior year comparable period for maintenance of the Company's camp. The Company plans on, subject to financing, carrying out a systematic exploration program and as such the camp is considered to be a cost of exploration.

Permitting

Permitting expenses consist of costs related to field work and consultation for the Company's provincial environmental assessment and federal environmental impact statement (the "EA"). Permitting costs for the year ended December 31, 2015 were significantly lower than the comparable prior period as the Company deferred work on the EA until the construction timeline for the access road is agreed on by stakeholders. A large expenditure was also associated with obtaining the Terms of Reference on the EA in the prior year which was approved in June 2015.

Engineering

Engineering expenses primarily consist of costs related to technical work related to mine design alternatives and completion of the Heli-GT Magnetometer Gradient Survey to identify potential structural breaks which could impact the mine development. Site and Road Geotechnical expenses consist of costs related to the DC Resistivity Survey over the Eagle's Nest area for the purpose of detecting the thickness of overburden. This method provides high resolution imaging which will reduce the number of drill holes required to map the bedrock in areas where surface infrastructure will be located.

Engineering/Site and Road Geotechnical costs for the year ended December 31, 2015 were significantly lower than the comparable prior period due to a deferral of engineering work until the construction timeline of the access road is agreed on by stakeholders.

Other

Included in other costs for the prior year comparable period is a recovery of \$0.6 million related to tax credits for exploration expenditure, incurred in fiscal years 2008 and 2009, which were previously denied by the Government of Quebec. In July 2014, the Company received a final notice of assessment allowing the inclusion of a portion of the underlying expenditures resulting in a recovery of exploration expenditures.

Office and General

(expressed in \$ thousands)	Year ended	
	December 31,	
	2015	2014
General Administration	\$ 2,797	\$ 2,569
Professional fees	1,048	1,042
Communications and travel	283	398
Total	\$ 4,128	\$ 4,009

General Administration

On an annualized basis, the general administration expenses were slightly higher than the comparable period. This is due to an increase in salaries which is a result of a bonus for executives that was accrued for in the second quarter and other staff bonuses paid during the year.

Professional fees

The annualized professional fees remained consistent with the prior year ended December 31, 2014. Professional fees include legal and audit costs related to compliance, government relations and communications consultants as well as other legal costs related to business development initiatives.

Professional fees related to the private placement were capitalized in the third and current quarter and professional fees related to the acquisition of the Cliffs Chromite assets were capitalized in the second quarter.

Communications and travel

For the year ended December 31, 2015, communications and travel costs were lower than prior year comparable period due to significantly less travel.

Interest Expense

Interest expense consists of quarterly interest payments on the long-term loan facilities for the RCF convertible loan, RCF bridge loan and the long term loan from Franco-Nevada. Interest on the RCF loans have been settled in shares quarterly in arrears since the inception of the loans. As a condition to the recent prospectus financing RCF signed an undertaking that they will continue to take interest payments in shares for the duration of the USD\$15 million loan term. Interest on the Franco- Nevada Acquisition Loan is accrued and as per the terms of the loan agreement is not payable until the end of the loan term.

During the year ended December 31, 2015, the Company satisfied the payment of interest of \$1.6 million on the RCF convertible loan and the RCF bridge loan for the last quarter of 2014 and the first three quarters of 2015 by delivery of 4,282,470 common shares of the Company. The company accrued \$0.5 million of interest expense for the quarter ended December 31, 2015. Subsequent to year end the company satisfied the payment of interest of \$0.5 million by delivery of 1,240,846 common shares of the company. For the year ended December 31, 2014 the company satisfied the payment of interest of \$1.4 million by delivery of 4,357,743 common shares of the company.

For the year ended December 31, 2015 the company accrued \$1.6 million in interest for the Long Term Loan to Franco-Nevada.

SUMMARY OF CASH FLOWS

(expressed in \$ thousands)	Year ended	
	December 31,	
	2015	2014
Cash (used) in operating activities	(7,961)	(10,769)
Cash (used) provided in investing activities	(19,805)	90
Cash provided by financing activities	26,044	49
	(1,722)	(10,630)

Operating Activities

For the year ended December 31, 2015, the Company had a cash outflow from operations of \$8.0 million compared to a cash outflow of \$10.8 million in the comparable prior year period. This decrease is due to a general reduction in overhead and project related costs.

Investing Activities

For the year ended December 31, 2015, the Company had cash outflows of \$33.7 million due to the acquisition of Cliffs chromite assets offset by the proceeds from the sale of royalties and the disposal of securities of \$13.9 million. For the year ended December 31, 2014, the Company had a \$0.3 million in cash outflows from the purchase of camp equipment and computer software offset by a reclassification of restricted cash in the amount of \$0.4 million.

Financing Activities

For the year ended December 31, 2015, cash of \$22.5 million was provided from the loan facilities with Franco-Nevada and bridge loan facility with RCF. In the second and third quarters cash of \$3.5 million was provided by a way of a non-brokered private placements and exercise of stock options. For the year ended December 31, 2014, cash was provided in financing from the exercise of stock options in the amount of \$0.07 million offset by payments to the company's finance lease of \$0.02 million.

SUMMARY OF QUARTERLY RESULTS AND REVIEW OF THREE MONTHS ENDED DECEMBER 31, 2015

(expressed in \$ thousands except per share amounts)	2015	2015	2015	2015	2014	2014	2014	2014	2013
	Oct-Dec	Jul-Sept	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Nov-Dec
Expenses	4,627	4,323	3,187	4,080	3,080	3,999	3,262	3,212	3,309
Gain on sale of marketable securities	-	-	142	-	-	-	-	-	-
Gain on sale of royalty	-	-	4,149	-	-	-	-	-	-
Remeasurement of repayment options	(1,692)	3,419	3,727	(6,732)	637	3,989	(1,513)	(3,082)	(130)
Foreign exchange loss	(1,572)	(2,475)	(909)	(1,373)	(447)	(573)	396	(440)	(216)
Net (income) loss	(7,797)	(3,376)	3,919	(12,177)	(2,696)	(561)	(4,337)	(6,700)	(3,630)
Net earnings (loss) per share – basic	(0.03)	(0.01)	0.02	(0.05)	(0.01)	-	(0.02)	(0.03)	(0.02)
Net earnings (loss) per share – diluted ⁽¹⁾	(0.03)	(0.01)	0.00	(0.05)	(0.01)	-	(0.02)	(0.03)	(0.02)
Cash and cash equivalents	3,099	2,727	4,029	2,648	4,803	7,360	9,921	12,799	15,085
Working Capital ⁽²⁾	(23,426)	(22,633)	(20,113)	(17,368)	(12,644)	6,462	9,511	11,920	14,188
Assets	31,872	31,578	32,777	7,098	8,816	11,065	14,245	16,899	19,150
Long-term Liabilities	26,334	24,422	22,262	1,501	1,467	18,420	21,509	20,399	16,650

⁽¹⁾ Fully diluted weighted average common shares outstanding, used in the calculation of fully dilutive net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation.

⁽²⁾ Working capital includes all current assets and current liabilities, excluding non-cash repayment options

The quarterly variation in expenses is mainly attributable to timing of technical studies, exploration drill programs, and stock option expense which is recognized at the time of grant in accordance with vesting provisions. Since December 31, 2014 working capital has been negative due to the presentation of the convertible loan facility with RCF as a current liability.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2015, the Company had not yet achieved profitable operations, had an accumulated deficit of \$235.2 million since inception (December 31, 2014 – \$215.8 million), expects to incur further losses in the development of its business, and has a negative net working capital of \$23.4 million (December 31 – \$12.6 million) as a result of the classification of the RCF loan facilities of US\$15 million to current liabilities. The loan facility is convertible into equity with a conversion price of \$0.45 per share at the option of RCF any time prior to June 30, 2016. Net working capital includes all current assets and current liabilities, excluding non-cash repayment options of \$2.2 million. (December 31, 2014 - \$0.9 million). 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. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its ongoing corporate overhead expenditures, discharge its liabilities as they come due and advance the development of its projects in the Ring of Fire.

To improve the Company's working capital position, the Company paid advisory fees of \$1.1 million in shares and negotiated the sale of a royalty to its major shareholder Resource Capital Fund V which closed subsequent to year end. Proceeds from the royalty sale were used to repay the US\$2 million bridge loan and also provided US\$500 thousand in working capital. Management continues to have ongoing discussions with its major shareholder and debt provider concerning extending the US\$15 million convertible loan (the "Convertible Loan") which is currently due on June 30, 2016. As a precondition to the prospectus financing, RCF provided the Company with an undertaking to extend the Convertible Loan to March 17, 2017.

Management continues to pursue financing alternatives to fund the company's activities through the remainder of 2016 and beyond so it can continue as a going concern. Subsequent to the year-end the Company completed a prospectus offering for gross proceeds of \$6.3 million and a private placement financing for gross proceeds of \$1.1 million. Proceeds from the prospectus financing and private placement will be used to fund its exploration program and for working capital purposes.

The Company's cash position (cash and cash equivalents) at December 31, 2015 was \$3.1 million compared to \$4.8 million as at December 31, 2014.

Noront's financial instruments consist of cash, taxes and other receivables, marketable securities, accounts payable, accrued liabilities, repayment options and long-term debt. Noront estimates that the fair value of its' financial instruments (in the case of long term debt owed to Franco Nevada, excluding transaction costs) approximate the carrying values.

The Company will need to raise sufficient capital to further develop its properties and projects beyond fiscal 2016. The timing and ability to do so will depend on, among others, the status of the financial markets as well as the acceptance of investors to finance resource based junior companies, in addition to the results of the Company's exploration programs and development activities and the acquisition of additional projects. At this time, the Company will rely on its ability to obtain equity or debt financing for the foreseeable future. Although the company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. See also the discussion under the heading "Risks and Uncertainties" in this MD&A.

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The contractual obligations for the ensuing five-year period can be summarized as follows:

Contractual Obligations

(expressed in \$ thousands)

Contractual Obligations	Total	Less than 1 year	1 -3 years	4 - 5 years	After 5 years
Operating Leases	1,091	435	471	25	160
Provision for Environmental Expenditure	1,492	-	-	-	1,492
Other Commitments	25	25			
Total Contractual Obligations	2,608	460	471	25	1,652

Operating lease obligations represent future minimum annual rentals under non-cancellable operating leases for Noront's mining lease,

office space, vehicles and equipment. Other Long-Term Obligations represents minimum payments under certain service agreements.

Contingencies

The Company currently has agreements with some contractors that include provisions where the contractors provide up-front work with the understanding that if the Eagles Nest Project proceeds into the construction stage, they will be granted a contract for the agreed scope of services. In some cases, the contractor may be reimbursed for the time incurred, or an amount agreed up front, if the Project does not go ahead. As at December 31, 2015, the amount of this contingent liability is approximately \$250,000.

DISCLOSURE CONTROLS AND PROCEDURES

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that:

- (i) the audited annual 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 audited annual financial statements; and
- (ii) the audited annual financial statements together with the other financial information included in the annual filings of the Company 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 by the audited annual financial statements.

In contrast to the certificate required of non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer, such as the Company, to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CRITICAL ACCOUNTING ESTIMATES

Deferred Mining Property Acquisition

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 current exploration results and upon the Company's assessment of the future probability of positive cash flows from the property or from the sale of the property.

Future Site Restoration Costs

The Company has an obligation for future site restoration costs. The Company records the fair value of an asset retirement obligation 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 liability 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 asset retirement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. If the obligation is settled for other than the carrying amount of the liability, the Company will recognize a gain or loss on settlement.

Stock Options and 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 Options

The Company's convertible debt agreement with RCF contains embedded derivatives related to the Company's prepayment option (expired in February 2014) and the lender's convertible feature ("Repayment Options"). The fair value assigned to the Repayment Options uses level 2 assumptions with the main inputs to the valuation being credit spreads of the Company, historical prices of the underlying stock, USD discount curve and CAD/USD foreign exchange rates. The most significant assumption is the probability of the loan being repaid prior to reaching the conversion date, which was estimated by obtaining credit spreads for an index of comparable companies residing in the same industry.

RISKS AND UNCERTAINTIES

Noront's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The risk factors include risks summarized below, risk factors referenced at page 1 herein, and risk factors disclosed under the heading "Risk Factors" in the Company's most recent AIF, available electronically on SEDAR at www.sedar.com. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and an investment in Noront common shares should be considered speculative. The risks described herein, or in documents incorporated herein by reference, are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially and adversely affect its operating results, properties, business and condition (financial or otherwise).

Mineral Exploration

The business of exploration for minerals and mining involves a high degree of risk. A relatively small proportion of properties that are explored are ultimately developed into producing mines. At present, there are no known bodies of commercial ore on any of the mineral properties in which the Company holds interest or intends to acquire an interest and the proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company has limited experience in the development and operation of mines and has relied on and may continue to rely upon consultants and others for exploration and operating expertise. The economics of developing gold, base metal and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined, and fluctuations in the price of any minerals produced.

Additional Funding Requirements and Potential Dilution

Noront has no current or foreseeable prospect of generating significant revenues. Accordingly, the success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to explore and develop its properties. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

The Company will require new capital to continue to operate its business and to continue with exploration on its mineral properties, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution, possibly substantial, to the Company's present and prospective shareholders. The Company cannot predict the size of future issues of common shares or securities convertible into common shares.

As of March 30, 2016, the Company had 277,837,149 common shares outstanding, 18,230,001 stock options outstanding with a weighted average exercise price of \$0.40 expiring between 2015 and 2019, 3,000,000 Performance Share Units with an expected life between 2 and 5 years and 335,000 Restricted Share Units with an expected life of 2 years. In addition, RCF has certain conversion rights under the terms of the Convertible Loan. The issuance of common shares of the Company upon the exercise of options, Performance Share, Restricted Share Units or on conversion of the Convertible Loan will dilute the ownership of the Company's

current shareholders. Noront may also issue additional securities convertible into common shares of Noront in the future, the conversion of which would result in further dilution to the shareholders of the Company.

Debt and Liquidity

The Company's ability to make scheduled payments of the principal of, to pay interest on or to refinance its existing indebtedness (including without limitation the Facility) depends on the Company's future performance, which is subject to economic, financial, competitive and other factors many of which are not under the control of the Company. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due, including, among others, debt repayments, interest payments and contractual commitments.

The Company may not generate cash flow (if any) from operations in the future sufficient to service its existing or future debt and make necessary capital expenditures. If the Company is unable to generate such cash flow, it may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. The Company's ability to refinance its indebtedness will depend on the capital markets and its financial condition at such time. The Company may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations.

The terms of the Facility and the terms of the Loan Agreement require the Company to satisfy various affirmative and negative covenants. These covenants limit, among other things, the Company's ability to incur further indebtedness, create certain liens on assets or engage in certain types of transactions. There are no assurances that, in the future, the Company will not, as a result of these covenants, be limited in its ability to respond to changes in its business or competitive activities or be restricted in its ability to engage in mergers, acquisitions or dispositions of assets. Furthermore, a failure to comply with these covenants would result in an event of default that may allow a lender to accelerate the repayment obligations or enforce its security.

Continuation of Operating Losses

The Company does not have a long historical track record of operating upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. Further, the Company's properties are in the exploration stage and are not commercially viable at this time. The Company has not commenced commercial production on any of its mineral projects. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of any of the Company's mineral properties will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that the Company will generate any revenues or achieve profitability.

Title to Mineral Properties (Ownership Rights)

Although title to the properties has been reviewed by or on behalf of Noront, no assurances can be given that there are no title defects affecting the properties. Title insurance generally is not available for mining claims in Canada and Noront's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be limited. Noront has not conducted surveys of the claims in which it holds direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. It is possible that the properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims and title may be affected by, among other things, undetected defects. In addition, Noront may be unable to operate the properties as permitted or to enforce its rights with respect to its properties.

Mineral Resource and Mineral Reserve Estimates

The mineral resources and mineral reserves presented in this document are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the expected level of recovery will be realized. Such figures have been determined based upon assumed metal prices. Future production, if any, could differ dramatically from estimates due to mineralization or formations different from those predicted by drilling, sampling and similar examinations or declines in the market price of the metals may render the mining of some or all of the mineral resources as uneconomic.

The estimation of mineralization is a subjective process and the accuracy of estimates is a function of quantity and quality of available data, the accuracy of statistical computations, and the assumptions and judgments made in interpreting engineering and geological information. No assurance can be given that any particular level of recovery of gold or other minerals from resources will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. In particular, the inferred mineral resources included in this AIF are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and, due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

Adequate Infrastructure

Mining, processing, development and exploration activities depend, to a substantial degree, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Company.

Economic

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. The prices of mineral products have historically fluctuated widely, are sometimes subject to rapid short-term changes and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted, but any one of, or any combination of, these factors may result in the Company not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of the Company may result.

Commodity Price Risk

The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of gold and base minerals. Historically, gold prices have fluctuated widely and are affected by numerous external factors beyond the Company's control, including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, production and cost levels in major producing regions, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the United States dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events. Resource prices have fluctuated widely and are sometimes subject to rapid short-term changes because of speculative activities. The exact effect of these factors cannot be accurately predicted, but any one of, or any combination of, these factors may result in the Company not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of the Company may result.

Competition

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees, contractors and consultants. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will be able to compete successfully with its competitors in acquiring such properties or prospects.

Environmental

The Company's operations are subject to environmental regulations promulgated by local, provincial and federal government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards and enforcement, and fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. In addition, environmental legislation is evolving in a manner requiring stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Although variable, depending on location and the governing authority, land rehabilitation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimize long term effects of land disturbance. Rehabilitation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out rehabilitation obligations imposed on the Company in

connection with its mineral exploration, the Company must allocate financial resources that might otherwise be spent on further exploration and/or development programs.

First Nations

Noront is committed to working in partnership with our local communities and First Nations in a manner which fosters active participation and mutual respect. Noront works towards minimizing negative project impacts, encouraging certain joint consultation processes, addressing certain decision making processes and towards maintaining meaningful ongoing dialogue not only for the Company but for all participants in the Ring of Fire region.

Many of Noront's contractors and suppliers live and work in the local communities. The Company regularly consults with communities proximal to the Company's exploration activities to advise them of plans and answer any questions they may have about current and future activities. The objective is to operate to the benefit of the shareholders and the local communities using the resources and the environment today without compromising the long-term capacity to support post exploration and ultimately post mining land uses.

First Nations in Ontario are increasingly making lands and rights claims in respect of existing and prospective resource projects on lands asserted to be First Nation traditional or treaty lands. Should a First Nation make such a claim in respect of the Properties and should such claim be resolved by government or the courts in favour of the First Nation, it could materially adversely affect the business of Noront. . In addition, consultation issues relating to First Nation interests and rights may impact the Company's ability to pursue exploration, development and mining at its projects and could result in costs and delays or materially restrict Noront's activities.

Government Regulations

The Company's mineral exploration and planned development activities are subject to various federal, provincial and local government laws and regulations governing, among other things, acquisition of mining interests, maintenance of claims, tenure, expropriation, prospecting, development, mining, production, price controls, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, treatment of indigenous peoples, environmental protection and remediation, endangered and protected species, mine safety and other matters. Although the Company's exploration and planned development activities are currently believed by the Company to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied or amended in a manner that could have a material adverse effect on the business, financial condition and results of operations of Noront, including changes to government mining laws and regulations or changes in taxation rates.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. The costs and delays associated with obtaining and complying with necessary licences and permits as well as applicable laws and regulations could stop or materially delay or restrict Noront from proceeding with the development of an exploration project. In addition, such licenses and permits are subject to change in regulations and in various operating circumstances. Any failure to comply with applicable laws, regulations or licencing and permitting requirements, even if inadvertent, may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, or mining operations, at its projects and there is no assurance that the Company will be able to comply with any such necessary license and permit requirements in an economically viable manner.

The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and Noront common shares should be considered speculative.

Joint Ventures and Option Agreements

Noront enters into option agreements and joint ventures as a means of gaining property interests and raising funds. Any failure of any partner to meet its obligations to Noront or other third parties, or any disputes with respect to third parties' respective rights and obligations could have a material adverse effect on such agreements. In addition, Noront may be unable to exert direct influence over strategic decisions made in respect to properties that are subject to the terms of these agreements.

Litigation

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's mining and project development operations.

Legal

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Noront and cause increases in expenditures or exploration costs or reduction in levels of activities on our exploration projects, or require abandonment or delays in the development of new exploration properties.

Uninsurable Risks

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties, personal injury or death, environmental damage, delays in exploration, and monetary losses and possible legal liability. Where Noront considers it practical to do so, it maintains insurance in amounts believed to be reasonable, including coverage for directors' and officers' liability and fiduciary liability and others.

Such insurance, however, contains exclusions and limitations on coverage. Accordingly, Noront's insurance policies may not provide coverage for all losses related to Noront's activities (and specifically do not cover environmental liabilities and losses). The occurrence of losses, liabilities or damage not covered by such insurance policies could have a material and adverse effect on Noront's results of operations and financial condition. Noront cannot be certain that insurance will be available to the Company, or that appropriate insurance will be available on terms and conditions acceptable to the Company. In some cases, coverage is not available or considered too expensive relative to the perceived risk.

Dependence on Key Employees, Contractors and Management

Noront currently has a small executive management group, which is sufficient for the Company's present stage of activity. Given that our success to date has depended, and in the future will continue to depend, in large part on the efforts of the current executive management group, the loss of a significant number of the members of this group could have a material adverse effect on the Company, its business and its ability to develop its projects. Noront does not maintain key person life insurance. Accordingly, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company.

The mining industry has been impacted by increased worldwide demand for critical resources including industry consultants, engineering firms and technical experts. These shortages have caused increased costs and delays in planned activities. Noront is also dependent upon a number of key personnel, including the services of certain key employees and contractors. Noront's ability to manage its activities, and hence its success, will depend in large part on the efforts of these individuals. Noront faces intense competition for qualified personnel, and there can be no assurance that Company will be able to attract and retain such personnel. If the Company is unable to attract or retain qualified personnel as required, it may not be able to adequately manage and implement its business plan.

Labour and Employment

Relations between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdictions the Company carries on business. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations and financial condition. As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations.

Conflict of Interest

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Share Price

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration or development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities, which may result in losses to investors. In addition, there can be no assurance that an active market for the Company's securities will be sustained.

Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Current Global Financial Conditions

Current global financial conditions have been subject to increased volatility, and access to public financing, particularly for junior resource companies, has been negatively impacted. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, such financing may not be on terms favourable to the Company. If increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the value and price of the Company's securities could be adversely affected.

No Guarantee of Positive Return on Investment

There is no guarantee that an investment in the securities of Noront will earn any positive return in the short term or long term. The mineral exploration business is subject to numerous inherent risks and uncertainties, and any investment in the securities of Noront should be considered a speculative investment. Past successful performance provides no assurance of any future success. The purchase of securities of Noront involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. An investment in the securities of Noront is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

OUTSTANDING SHARE INFORMATION

As at March 30, 2016

Authorized	Unlimited
Issued and outstanding shares	277,837,149
Options outstanding	18,230,001
Performance Share Units outstanding	3,000,000
Restricted Share Units outstanding	335,000
Convertible Debt	46,133,336
Fully diluted	345,535,486

ADDITIONAL INFORMATION

Additional information relating to Noront is available on the Internet at the SEDAR website www.sedar.com, and is available on the Company's website located at www.norontresources.com.

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



March 30, 2016

Independent Auditor's Report

To the Shareholders of Noront Resources Ltd.

We have audited the accompanying consolidated financial statements of Noront Resources Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Noront Resources Ltd. and its subsidiaries as at December 31, 2015 and December 31, 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that cast significant doubt about the corporation's ability to continue as a going concern.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

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

	Note	As at December 31, 2015	As at December 31, 2014
Assets			
Current Assets			
Cash and cash equivalents	7	\$ 3,099,297	\$ 4,803,245
Taxes and other receivables	8	275,162	63,980
Supplies inventory		135,885	56,621
Prepaid expenses		188,438	168,823
Total Current Assets		\$ 3,698,782	\$ 5,092,669
Non-Current Assets			
Equipment	9	1,821,942	2,250,048
Intangible assets	10	17,681	35,361
Mineral properties	6, 11	26,092,812	1,438,104
Marketable securities		240,600	-
Total Non-Current Assets		\$ 28,173,035	\$ 3,723,513
Total Assets		\$ 31,871,817	\$ 8,816,182
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 3,038,492	\$ 974,493
Loan Facilities - due to Resource Capital Funds V L.P.	12a	23,528,001	16,761,797
Repayment options	12c	2,162,256	883,794
Embedded Derivative	13	274,748	-
Flow-Through Share Liability	15b	283,355	-
Total Current Liabilities		29,286,852	18,620,084
Non-Current Liabilities			
Provision for environmental expenditure	14	1,491,868	1,467,096
Loan Facilities - due to Franco-Nevada Corporation	6, 12b	24,842,032	-
Total Non-Current Liabilities		\$ 26,333,900	\$ 1,467,096
Total Liabilities		\$ 55,620,752	\$ 20,087,180
Shareholders' Deficit			
Capital stock	15b	\$ 176,756,027	\$ 170,711,698
Warrants	15d	62,859	-
Contributed surplus		34,616,275	33,770,609
Deficit		(235,184,096)	(215,753,305)
Total Shareholders' Deficit		\$ (23,748,935)	\$ (11,270,998)
Total Shareholders' Deficit and Liabilities		\$ 31,871,817	\$ 8,816,182

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

Approved on behalf of the Board of Directors:

(Signed) "Paul Parisotto"
Director

(Signed) "Darren Blasutti"
Director



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

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

	Note	Year Ended	
		December 31, 2015	December 31, 2014
Expenses			
Development and exploration expenditures	20a	\$ 5,014,244	\$ 6,307,988
Office and general	20b	4,127,891	4,008,608
Amortization		485,848	479,120
Share-based compensation	15c,e	919,633	905,189
<hr/>			
Loss before finance items and other gains		\$ (10,547,616)	\$ (11,700,905)
Interest income		17,105	97,652
Interest expense		(3,316,542)	(1,379,486)
Flow-Through Share premium		85,040	-
Gain on sale of marketable security		141,680	-
Gain on sale of royalty	6	4,149,462	-
Gain on disposal of fixed asset		-	5,683
Accretion expense		(2,352,043)	(472,249)
Re-measurement of repayment options	12c	(1,278,462)	30,790
Foreign exchange loss		(6,329,415)	(1,063,618)
<hr/>			
Loss before tax		\$ (19,430,791)	\$ (14,482,133)
Recovery of deferred tax on expiry of warrants		-	187,648
<hr/>			
Net loss and comprehensive loss		\$ (19,430,791)	\$ (14,294,485)
<hr/>			
Loss per share - basic and diluted	17	\$ (0.08)	\$ (0.06)



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

Noront Resources Ltd.

Consolidated Statement of Changes in Shareholders' Deficit
(Expressed in Canadian dollars, unless otherwise indicated)

	Common Shares	Capital Stock	Warrants and Broker Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2013	234,759,233	\$ 169,210,869	\$ 1,416,211	\$ 31,636,857	\$ (201,458,820)	\$ 805,117
Exercise of options	154,833	72,415	-	-	-	72,415
Issuance of interest shares	4,357,743	1,428,414	-	-	-	1,428,414
Expiry of warrants, net of tax	-	-	(1,416,211)	1,228,563	-	(187,648)
Share-based compensation	-	-	-	905,189	-	905,189
Net loss for the period	-	-	-	-	(14,294,485)	(14,294,485)
Balance, December 31, 2014	239,271,809	\$ 170,711,698	\$ -	\$ 33,770,609	\$ (215,753,305)	\$ (11,270,998)

	Common Shares	Capital Stock	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2014	239,271,809	\$ 170,711,698	\$ -	\$ 33,770,609	\$ (215,753,305)	\$ (11,270,998)
Issue of shares (Note 15b)	11,763,345	4,578,528	-	-	-	4,578,528
Flow-through share premium	-	(368,395)	-	-	-	(368,395)
Exercise of options	539,999	207,433	-	(73,967)	-	133,466
Issue of warrants (Note 15d)	-	-	62,859	-	-	62,859
Issuance of interest shares (Note 12,15b)	4,282,470	1,626,763	-	-	-	1,626,763
Share-based compensation (Note 15c,e)	-	-	-	919,633	-	919,633
Net loss for the period	-	-	-	-	(19,430,791)	(19,430,791)
Balance, December 31, 2015	255,857,623	\$ 176,756,027	\$ 62,859	\$ 34,616,275	\$ (235,184,096)	\$ (23,748,935)



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

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

	Note	Year Ended December 31, 2015	Year Ended December 31, 2014
Operating activities			
Net loss for the year		\$ (19,430,791)	\$ (14,294,485)
Amortization		485,848	479,120
Share-based compensation	15c,e	919,633	905,189
Accretion expense		2,352,043	472,249
Flow-Through Share Premium		(85,040)	- Flow-
Through Proceeds on Sale of Tax Benefits		368,395	-
Issuance of interest shares		1,646,763	1,428,414
Re-measurement of repayment options		1,278,462	(30,790)
Accrued interest on Long term Debt	12b	1,574,621	-
Gain on sale of marketable security		(141,680)	-
Gain on disposal of fixed asset		-	(5,683)
Gain on sale of royalty	6	(4,149,462)	-
Unrealized foreign exchange loss		6,629,663	1,064,421
Recovery of deferred tax on expiry of warrants		-	(187,648)
Net change in non-cash working capital:			
Taxes and other receivables		(211,182)	143,218
Supplies inventory		(79,264)	50,839
Prepaid expenses		(19,615)	(70,955)
Accounts payable and accrued liabilities		901,075	(723,166)
Net cash used in operating activities		\$ (7,960,531)	\$ (10,769,277)
Investing activities			
Acquisition of mineral properties including transaction costs		(33,244,936)	-
Acquisition of marketable securities		(454,350)	-
Acquisition of equipment		(44,972)	(303,831)
Acquisition of intangible assets		-	(10,993)
Proceeds on sale of fixed assets		-	20,000
Proceeds on sale of royalties, net of costs		13,583,284	-
Proceeds on disposal of securities		355,430	-
Release of Restricted cash		-	385,046
Net cash used in investing activities		\$ (19,805,544)	\$ 90,222
Financing activities			
Proceeds from exercise of options		133,466	72,415
Loan facility, net of costs	12a(II)	2,428,226	-
Long term loan, net of costs		20,097,453	-
Private Placement, net of costs		3,409,001	-
Finance lease		(24,404)	(23,662)
Net cash provided by financing activities		\$ 26,043,742	\$ 48,753
Change in cash and cash equivalents		\$ (1,722,333)	\$ (10,630,302)
Effect of foreign exchange rates on cash and cash equivalents		18,385	348,455
Cash and cash equivalents, beginning of period		4,803,245	15,085,092
Cash and cash equivalents, end of period		\$ 3,099,297	\$ 4,803,245



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

Noront Resources Ltd.
 Notes to Consolidated Financial Statements
 (Expressed in Canadian dollars, unless otherwise noted)
 For the year ended December 31, 2015 and December 31, 2014

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 is part of the Company's McFauld's Lake Project, 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 110 Yonge Street, Suite 400, Toronto, ON, Canada, M5C 1T4.

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 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. At December 31, 2015, the Company had not yet achieved profitable operations, had an accumulated deficit of \$235.2 million since inception (December 31, 2014 – \$215.8 million), expects to incur further losses in the development of its business, and had net working capital deficit of \$(23.4) million as a result of the convertible loan facility which is due June 30, 2016. Net working capital includes all current assets and current liabilities, excluding the non-cash repayment options of \$2.2 million. The Company will need to raise funds or negotiate an extension on the terms of its convertible loan facility or the holder has to convert the loan to equity as it does not have the cash nor cash flow to repay the facility. 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.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its ongoing corporate overhead expenditures, discharge its liabilities as they come due (see Note 12 – Loan Facilities) and advance the exploration of its claims and development of its projects in the Ring of Fire. To improve the Company's working capital position management has ongoing discussions with its major shareholder and debt provider concerning extending the convertible loan which is coming due on June 30, 2016. Subsequent to the year end the company completed an equity offering of \$6.3 million and a private placement of \$1.14 million to fund exploration and working capital. (see subsequent event note 21). Management also continues to pursue financing alternatives to fund the Company's activities through 2016 and beyond so it can continue as a going concern. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

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).

The consolidated financial statements have been prepared on a going concern basis, under the 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 March 24, 2016.

Noront Resources Ltd.
 Notes to Consolidated Financial Statements
 (Expressed in Canadian dollars, unless otherwise noted)
 For the year ended December 31, 2015 and December 31, 2014

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 (See Note 6 - 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 including the new subsidiary, NMM, that has expenses primarily in Canadian dollars. 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, marketable securities, accounts payable and accrued liabilities, a finance lease obligation, loan facilities and related repayment options.

The Company has classified its cash and cash equivalents as loans and receivables which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short-term nature.

Marketable securities in publicly traded companies, which do not trade in an active market, are designated as available-for-sale and are recorded in the consolidated statements of financial position 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.

For investments classified as available-for-sale, a significant or prolonged decline in the fair value of the marketable security below its cost is evidence that the asset is impaired. If any such evidence exists for marketable securities, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from other comprehensive income (loss) and recognised in the consolidated statement of loss.

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

Repayment Options are classified as Level 2 (Note 12c).

Marketable securities are classified as Level 3.



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3. Significant Accounting Policies (Continued)

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, the finance lease obligation, the loan facility are classified as other financial liabilities. Other financial liabilities are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date. The carrying values of the Company's accounts payable and accrued liabilities and loan facilities with Resource Capital Funds V L.P. approximate the fair values of those financial instruments, due to the short-term maturity of such instruments. The carrying value of the Company's loan facility with Franco-Nevada Corporation, exclusive of transaction costs, approximates fair value as there has not been a significant change in circumstances since it was recorded at fair value on initial recognition.

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%.

h) 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

Noront Resources Ltd.
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3. Significant Accounting Policies (Continued)

i) 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.

j) 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.

k) 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.

l) Provision for Environmental Expenditure

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.



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

Noront Resources Ltd.
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3. Significant Accounting Policies (Continued)

m) 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.

n) 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.

o) 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.

p) 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 utilized.

The determination of the ability of the Company to utilize 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 the utilization of the losses.



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

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3. Significant Accounting Policies (Continued)

q) 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.

r) Segment Disclosure

The Company's chief operating decision makers are 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.

s) New Accounting Standards Issued But Not Yet Applied

IFRS 9 Financial Instruments

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement, that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI and not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 'Leases' which sets out the principles for the recognition, measurement presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for most leases. IFRS 16 is effective from January 1, 2019 though a company can choose to apply IFRS 16 before that date but only in conjunction with IFRS 15 'Revenue from Contracts with Customers'. The Company is currently assessing the impact of adopting IFRS 16 on its consolidated financial statements.



Noront Resources Ltd.
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 (Expressed in Canadian dollars, unless otherwise noted)
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3. Significant Accounting Policies (Continued)

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 current exploration results and upon the Company's assessment of the future probability of positive cash flows from the property or from the sale of the property.

Provision for Environmental Expenditure

The Company has a provision for future environmental expenditures. 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 expenditure, 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.

Stock Options, Warrants and Embedded Derivatives

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 Options

The Company's convertible debt agreement contains embedded derivatives related to the Company's prepayment option (expired in February 2014) and the Lender's convertible feature as well as a debt settlement agreement based on the value of the company's shares. ("Repayment Options"). The fair value assigned to the Repayment Options 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 12c for further information on the Repayment Options.



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

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3. Significant Accounting Policies (Continued)

t) Critical Accounting Estimates and Judgments (Continued)

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 12(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 during the period 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.



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

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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 alternate 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, 2015. 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 11). 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, 2015, the Company had cash and cash equivalents and taxes receivable balances of \$3,374,459 (December 31, 2014 - \$4,867,225) to settle current liabilities of \$29,286,852 (December 31, 2014 - \$18,620,084) which includes a loan facility of \$23,528,001, repayment options of \$2,162,156 and embedded derivatives of \$274,748. The loan is convertible into equity with a conversion price of \$0.45 per share at the option of RCF anytime prior to June 30, 2016. 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 and a loan facility (see Note 1).



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

Noront Resources Ltd.
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5. **Property and Financial Risk Factors (Continued)**

b) **Financial Risk**

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 the loan facility held in a currency other than its functional currency, the Canadian dollar. The majority of the Corporation's expenses are denominated in Canadian dollars. The Company does not currently have any plans for exploration or development activities in foreign jurisdictions.

At December 31, 2015, the Company had monetary assets and liabilities denominated in U.S. dollars as follows:

	December 31, 2015	December 31, 2014
Cash	US \$ 82,096	\$ 3,610,937
Loan Facilities	US \$ (42,000,000)	(15,000,000)
	US \$ (41,917,904)	\$ (11,389,063)

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.

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 \$0.5 million for the year ended December 31, 2015.
- 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, 2015, 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.



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

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6. Acquisition of Chromite Assets

On April 28, 2015, the Québec Superior Court granted an approval and vesting order (the "Order") for the acquisition by the Company of the shares of Cliffs Chromite Ontario Inc. (CCOI) and Cliffs Chromite Far North Inc. (CCFNI), both indirect wholly owned subsidiaries of Cliffs Natural Resources Inc. for a purchase price of USD\$27.5 million (CAD\$33.1 million) (the "Transaction").

To finance the Transaction, concurrently with the execution of the revised share purchase agreement, the Company entered into a loan agreement with Franco-Nevada Corporation (Franco-Nevada) through which Franco-Nevada loaned USD\$25 million to Noront for a five-year period at a 7% interest rate with interest to be accrued and paid at the end of the loan term. In return, Franco-Nevada received a 3% royalty over the Black Thor deposit and a 2% royalty over all of the Company's other deposits, excluding its interest in the Big Daddy and McFauld's Lake volcanic massive sulphide (VMS), copper and zinc deposit. The loan is secured against the CCOI and CCFNI assets acquired in connection with the Transaction. In addition, Noront received from Franco-Nevada USD\$3.5 million (CAD\$4.2 million) in cash consideration as part of the granting of the royalty over the existing Noront property in the region with the exception of Eagle's Nest, which is excluded. As a result of the Transaction, the Company also acquired a 13.8% equity ownership of KWG Resources Inc.

The acquisition of the chromite assets has been accounted for as an asset acquisition and the transaction costs incurred by the Company have been capitalized.

The purchase price was allocated as follows:

	USD	CAD
Taxes receivable	\$ 6,581	\$ 7,918
Marketable securities	377,681	454,350
Mineral properties	27,331,473	32,879,762
Fixed asset	37,383	44,972
Lease obligation	(253,118)	(304,501)
	\$ 27,500,000	\$ 33,082,501

The sale of the 3% royalty over the Black Thor deposit and 2% royalty over all of Noront's other deposits in the region with the exception of the Big Daddy deposit, was recorded as a reduction in the carrying value of the mineral property in the amount of CAD\$9,379,977 (See Note 11).

The USD\$3.5 million sale of the royalty over the existing Noront property, excluding Eagle's Nest, was recorded as a gain on sale of royalty and reflected on the statement of loss, net of transaction costs, in the amount of CAD\$4,149,462.



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7. **Cash and Cash Equivalents**

Cash and cash equivalents consist of:	December 31, 2015	December 31, 2014
Cash deposits	\$ 2,996,410	\$ 4,701,373
Guaranteed investment certificate	102,887	101,872
	\$ 3,099,297	\$ 4,803,245

8. **Taxes and Other Receivables**

Taxes and other receivables consist of:	December 31, 2015	December 31, 2014
Recoverable sales taxes	\$ 274,853	\$ 57,585
Other receivables	309	6,395
	\$ 275,162	\$ 63,980

9. **Equipment**

December 31, 2015	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	\$ 4,151,749	\$ 115,027	\$ 200,287	\$ 4,467,063
Accumulated Amortization	(2,371,778)	(94,416)	(178,927)	(2,645,121)
Closing Net Book Value	\$ 1,779,971	\$ 20,611	\$ 21,360	\$ 1,821,942
Opening Net Book Value - Jan 1, 2015	\$ 2,197,584	\$ 25,764	\$ 26,700	\$ 2,250,048
Additions	44,972	-	-	44,972
Re-measurement of provision ²	(4,911)	-	-	(4,911)
Amortization	(457,674)	(5,153)	(5,340)	(468,167)
Closing Net Book Value	\$ 1,779,971	\$ 20,611	\$ 21,360	\$ 1,821,942
December 31, 2014	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	\$ 4,111,687	\$ 115,027	\$ 200,287	\$ 4,427,001
Accumulated Amortization	(1,914,103)	(89,263)	(173,587)	(2,176,953)
Closing Net Book Value	\$ 2,197,584	\$ 25,764	\$ 26,700	\$ 2,250,048
Opening Net Book Value - Jan 1, 2014	\$ 1,708,396	\$ 32,205	\$ 33,375	\$ 1,773,976
Additions ¹	887,458	-	-	887,458
Disposals	(14,317)	-	-	(14,317)
Remeasurement of provision ²	51,433	-	-	51,433
Amortization	(435,386)	(6,441)	(6,675)	(448,502)
Closing Net Book Value	\$ 2,197,584	\$ 25,764	\$ 26,700	\$ 2,250,048

¹ Included in additions for the year ended December 31, 2014 is \$583,627 relating to the asset retirement of camp assets and equipment acquired during the year.

² A re-measurement of the McFauld's Lake property asset retirement obligation was recognized due to a change in the discount rate used to calculate the obligation as further described in Note 14.



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

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10. Intangible Assets

Computer software	December 31, 2015	December 31, 2014
Cost	\$ 357,636	\$ 357,636
Accumulated Amortization	(339,955)	(322,275)
Closing Net Book Value	\$ 17,681	\$ 35,361
Computer software	December 31, 2015	December 31, 2014
Opening Net Book Value	\$ 35,361	\$ 54,986
Additions	-	10,993
Amortization	(17,680)	(30,618)
Closing Net Book Value	\$ 17,681	\$ 35,361

11. Mineral Property

	December 31, 2015	December 31, 2014
(i) <u>McFauld's Lake Property - "Ring of Fire", James Bay Lowlands, Northeastern Ontario</u>		
Opening balance	\$ 1,438,104	\$ 1,438,104
Acquisition of chromite assets	32,879,762	-
Transaction costs - acquisition of chromite assets	989,207	-
Royalty on chromite assets	(9,379,977)	-
Transaction costs - royalty on chromite assets	165,716	-
	\$ 26,092,812	\$ 1,438,104

McFauld's Lake

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.

On April 28, 2015, the Company acquired mineral properties including the Black Thor, Big Daddy and Black Label chromite deposits, the McFauld's Lake VMS deposits and various other claims through the acquisition of a subsidiary of Cliffs Natural Resources for USD\$27.3 million (CAD\$32.9 million). As outlined in Note 6, the Company has accounted for the acquisition of this subsidiary as an asset acquisition.

The Company has granted the following royalties to Franco-Nevada:

- a) 2% Gross Smelter Royalty (GSR) on all of the Company's chromite properties, except for Black Thor for which they have a 3% GSR and also excluding the Big Daddy deposit.
- 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 accompanying notes are an integral part of these consolidated financial statements.

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12. **Loan Facilities**

	December 31, 2015	December 31, 2014
Current portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(I)	\$ 20,760,001	\$ 16,761,797
Debt agreement with related party - June 30, 2015 (a)(II)	2,768,000	-
	23,528,001	16,761,797
Long term portion of loan facilities		
Long term loan (b)	24,842,032	-
Total Loan Facilities	\$ 48,370,033	\$ 16,761,797

a) **Debt Agreements 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, 2015 owns approximately 21.15% of the Company's common shares, in the aggregate principal amount of USD\$15.0 million (the "Facility"). The Facility was a one year bridge loan (the "Bridge Loan") which matured on February 25, 2014. Since the Facility was not repaid prior to the Bridge Loan maturity date, it automatically rolled into a convertible loan ("the "Convertible Loan") with a maturity date of December 31, 2015. On December 31, 2015 the company entered into an amending agreement with the Lender to extend the terms of the the Convertible Loan. The Convertible Loan has been extended to June 30, 2016 with all other terms and conditions remaining the same. The Convertible Loan may be converted into common shares of the Company at the option of RCF at a price of \$0.45 cents per share at any time subsequent to the convertible loan maturity date and prior to June 30, 2016 (the "Conversion Rights").

Loan Facility	December 31, 2015	December 31, 2014
Balance, beginning of year	\$ 16,761,797	\$ 14,899,003
Foreign exchange loss	3,281,329	1,412,876
Accretion of loan facility	716,875	449,918
Balance, end of year	\$ 20,760,001	\$ 16,761,797

- (II) On June 30, 2015, the Company entered into a definitive agreement with Resource Capital Funds V L.P. ("RCF") for a US\$2.0 million bridge loan facility (the "Facility") and has drawn down the aggregate principal amount available under the Facility (the "Drawdown").

Interest on the Facility was paid quarterly, in arrears, in common shares of Noront ("Common Shares") based on the volume-weighted average trading price of such Common Shares the 20 days prior to the date of each interest period determination (subject to applicable minimum pricing requirements of the TSX Venture Exchange), or at RCF's option, in cash. An establishment fee of 2% of the principal amount of the Facility will be paid to RCF in Common Shares within three business days of the Drawdown, being 101,852 Common Shares (the "Establishment Fee Shares"). The Establishment fee shares were transferred to RCF on July 10, 2015. The Facility matured on December 31, 2015.

The proceeds of the Facility were used to augment the Company's working capital and advance its mineral projects in the Ring of Fire.

On December 31, 2015 the company entered into a Royalty Purchase Agreement and Loan Set-off and Satisfaction Agreement with RCF. The Royalty Purchase Agreement included the terms for the sale of a 1% Net Smelter Royalty (NSR) on the Eagle's Nest deposit for US\$2.5 million. US\$2.0 million of the proceeds were used to satisfy the Facility based on the terms of the Loan Set-off and Satisfaction Agreement. The agreements were subject to several closing conditions including approval of the TSX Venture Exchange. Closing conditions were met and closing occurred on January 14, 2016.



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12. Loan Facilities (Continued)

Loan Facility	December 31, 2015	December 31, 2014
Balance, beginning of year	\$ -	\$ -
Loan	2,498,000	-
Transaction costs	(324,291)	-
Foreign exchange loss	270,000	-
Accretion of loan facility	324,291	-
Balance, end of year	\$ 2,768,000	\$ -

iii) **Debt Agreements with Related Party - Resource Capital Funds V L.P.(Continued)**

On January 12, 2015, the Company satisfied the payment of interest of \$476,481 for the fourth quarter of 2014 by delivery of 1,253,888 common shares of the Company. The Interest Shares were subject to a four month hold period, which expired on May 13, 2015.

On April 10, 2015, the Company satisfied the payment of interest of \$380,250 for the first quarter of 2015 by delivery of 728,588 common shares of the Company. The Interest Shares were subject to a four month hold period, which expired on August 11, 2015.

On July 10, 2015, the Company satisfied the payment of interest of \$421,702 by delivery of 912,859 common shares of the Company. The Interest Shares are subject to a four month hold period, which expired on November 11, 2015.

On October 13, 2015, the Company satisfied the payment of interest of \$476,481 by delivery of 1,387,135 common shares of the Company. The Interest Shares are subject to a four month hold period, which expired on February 14, 2016.

As at December 31, 2015, the Company accrued interest in the amount of \$492,740 for the fourth quarter of 2015. On January 11, 2016, the Company satisfied the payment of interest of \$492,740 by delivery of 1,240,846 common shares of the Company. The Interest Shares are subject to a four month hold period, which expires on May 11, 2016.



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12. Loan Facilities (Continued)

b) Long Term Loan - 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 holds 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 through the Cliffs transaction with limited recourse to the Company. At initial recognition, the Long Term Loan was recorded at fair value less transaction costs. Subsequent to initial recognition, the Long Term Loan is carried at amortized cost using the effective interest rate method.

In connection with the Long Term Loan, the Company granted Franco-Nevada certain royalties over the mineral properties acquired through the Cliffs Transaction. See Significant Accounting Policies - Critical Accounting Estimates and Judgments Note 3(t) for description of how the fair value of the long term loan was determined at initial recognition.

	December 31, 2015	December 31, 2014
Balance, beginning of year	\$ -	\$ -
Long Term Loan	20,695,023	-
Transaction costs	(1,700,847)	-
Loan Facility, net of transaction costs and royalty (at inception)	18,994,176	-
Foreign exchange loss	2,999,832	-
Accrued loan interest	1,574,621	-
Accretion of loan facility	1,273,403	-
Balance, end of year	\$ 24,842,032	\$ -

c) Repayment Options

The Company's convertible debt agreement contains embedded derivatives related to the Company's prepayment option and the Lender's convertible feature ("Repayment Options"). The prepayment option expired on February 25, 2014. 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, 2015, the fair value attributed to the convertible feature was \$2,162,256 (December 31, 2014 - \$883,794) with the related expense of \$(1,278,462) for the year ended December 31, 2015 being recognized in the statement of loss (year ended December 31, 2014 - recovery of \$30,790).



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13 Embedded Derivatives

On December 30, 2015, the company settled advisory fees by issuing 2,446,552 shares at a deemed issue price of \$0.46 per share. The agreement with the advisor includes an embedded put option in favour of the advisor and a call option in favour of the Company (the "Options") on the Company's share price. The fair value assigned to these embedded derivatives are valued with the main inputs to the valuation being the historical prices of the Company's underlying stock in order to calculate the volatility and term of the options.

At December 31, 2015, the net value attributed to the Options was \$274,748. The embedded derivatives are classified within Level 2 of the fair value hierarchy.

The embedded derivative was calculated using the following assumptions:

Expected volatility	50.00%
Risk free interest rate	0.48%
Expected life	0.83 Years

14. Provision for Environmental Expenditure

McFauld's Lake

The Company has established a provision of \$1,491,868 representing the estimated present value of its future environmental expenditure. These costs are not expected to be incurred within the next twelve months.

The provision is based upon the following estimates and assumptions:

- Total undiscounted future demobilization cost is \$1,787,655 (December 31, 2014 - \$1,787,655)
- Nominal risk-free pre-tax discount rate of 2.03% (December 31, 2014 - 2.22%)
- Demobilization cost expected to be incurred in 10 years (December 31, 2014 - 10 years)

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

	December 31, 2015	December 31, 2014
Balance, beginning of period	\$ 1,467,096	\$ 809,705
Additions ¹	-	583,627
Accretion expense for the period	29,683	22,331
Re-measurement of provision	(4,911)	51,433
	\$ 1,491,868	\$ 1,467,096

¹ Included in additions for the year ended December 31, 2014 is \$583,627 relating to the asset retirement of camp assets and equipment acquired during the year.



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15. Capital Stock

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

(b) Issued

	Number of Shares	Value
Balance, January 1, 2014	234,759,233	\$ 169,210,869
Issue of interest shares	4,357,743	1,428,414
Exercise of options	154,833	72,415
Balance, December 31, 2014	239,271,809	\$ 170,711,698
Flow-through private placement, net of costs (i)	6,359,218	2,831,989
Non Flow-through Private placement, net of costs (i)	2,907,575	945,655
Flow through share premium	-	(368,395)
Issue of warrants	-	(69,782)
Issue of shares (ii)	2,496,552	870,666
Issue of interest shares (Note 12(a))	4,282,470	1,626,763
Exercise of options	539,999	207,433
Balance, December 31, 2015	255,857,623	\$ 176,756,027

(i) On September 4, 2015, the Company completed a non-brokered private placement by issuing 1,535,000 flow-through common shares ("Flow-Through Shares") at a price of \$.38 cents per flow-through share, representing gross proceeds of \$583,300. ("The offering"). The flow-through common shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through common shares are subject to a four month plus one day hold period which expired on January 5, 2016. The Company also completed a non-brokered private placement. The company issued 2,907,575 share units in the capital of the Company (the "units") at a purchase price of \$0.33 per share unit, representing gross proceeds to the Company of \$959,500. Each non flow-through share consists of one common share and one half of a common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of Noront for a period of two years from the date of closing at a price of \$0.47 per common share. The common shares and warrants comprising the Units under the private placement and any common shares issuable upon exercise of the warrants are subject to a hold period of four months plus one day, which expired on January 5, 2016.

On November 24, 2015 the company announced the closing of a private placement (the "offering") of 4,824,218 flow-through common shares at a price of \$0.50 per flow-through common share for gross proceeds of \$2,412,109. The common shares are subject to a four month plus one day hold period which expires on March 25, 2016. The gross proceeds from the offering are being used to continue exploration efforts in the Ring of Fire. The company paid a cash finder's fee equal to 6% of the gross proceeds in connection with the offering.

(ii) On November 25, 2015 the company also issued 50,000 common shares at a price of \$0.40 per common share in satisfaction of an advance royalty payment due on one of its properties outside of the Ring of Fire. The common shares are subject to a four month plus one day hold which expires on March 26, 2016.

(iii) On December 30, 2015 the company issued 2,446,552 shares at a price of \$0.46 per share in satisfaction of advisory fees in relation to the financing of the purchase of the Cliffs Chromite Assets. The issued shares are subject to a four month hold period which will expire on April 30, 2016.



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15. 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, 2015, share-based compensation of \$748,915 was charged to net loss (December 31, 2014 - \$762,689).

- (i) On March 31, 2015, the Company granted 1,500,000 incentive stock options to directors and employees of the Company at an exercise price of \$0.55. The share price on March 31, 2015 was \$0.55.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	68.59%
Risk free interest rate	0.50%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of \$463,500.

- (ii) On June 18, 2015, the Company granted 1,500,000 incentive stock options to an employee of the Company at an exercise price of \$0.44. The share price on June 18, 2015 was \$0.44.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	68.66%
Risk free interest rate	0.61%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of \$367,500.

- (iii) On August 25, 2015, the Company granted 300,000 incentive stock options to a director of the Company at an exercise price of \$0.35. The share price on August 25, 2015 was \$0.35.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	68.74%
Risk free interest rate	0.36%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of \$58,500.



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15. Capital Stock (Continued)

(c) Stock Options

The weighted-average remaining contractual life and weighted average exercise price of options outstanding and options exercisable as at December 31, 2015 are as follows:

Number of Stock Options Outstanding	Black-Scholes Value	Exercise Price	Remaining Contractual Life (Years)	Number of Stock Options Exercisable	Expiry Date
500,000	69,000	\$ 0.30	0.22	500,000	March 2016
1,900,000	1,292,760	\$ 0.88	0.35	1,900,000	May 2016
300,000	179,400	\$ 0.86	0.85	300,000	November 2016
200,000	108,800	\$ 0.86	0.94	200,000	December 2016
1,700,000	557,600	\$ 0.46	1.55	1,700,000	July 2017
300,000	70,200	\$ 0.35	1.79	300,000	October 2017
4,250,000	573,750	\$ 0.25	2.53	3,216,667	July 2018
3,000,000	450,000	\$ 0.30	2.76	2,000,000	October 2018
3,013,334	256,133	\$ 0.17	2.95	2,008,889	December 2018
250,000	79,250	\$ 0.59	3.35	41,667	May 2019
1,366,667	422,300	\$ 0.55	4.25	455,556	March 2020
1,500,000	367,500	\$ 0.44	4.47	500,000	June 2020
300,000	59,100	\$ 0.35	4.66	100,000	August 2020
18,580,001	\$ 4,485,793	\$ 0.39	2.53	13,222,779	

The following table summarizes the stock option transactions for the year ended December 31, 2015.

	Number of Options	Weighted-Average Exercise Price
January 1, 2014	21,556,666	\$0.51
Granted	250,000	\$0.59
Exercised	(154,833)	\$0.47
Expired	(4,640,166)	\$1.02
Forfeited	(116,667)	\$0.22
December 31, 2014	16,895,000	\$0.37
Granted	3,300,000	\$0.48
Exercised	(539,999)	\$0.26
Expired	(150,000)	\$1.25
Forfeited	(925,000)	\$0.27
Balance, December 31, 2015	18,580,001	\$0.40

There were 539,999 stock options exercised in the year ended December 31, 2015 (year ended December 31, 2014 - 154,833).



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15. Capital Stock (Continued)

(d) Warrants

The following table lists the Company's warrants as at December 31, 2015. During the year ended December 31, 2015, no warrants expired.

	Number of Warrants	Weighted-Average Exercise Price
Issued September 4, 2015	1,453,787	\$0.47
Balance, December 31, 2015	1,453,787	\$0.47

The warrants were calculated using the following assumptions:

Expected volatility	40.00%
Risk free interest rate	0.45%
Expected life	2 Years

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

For the year ended December 31, 2015, share-based compensation of \$170,718 was charged to net loss for PSUs and RSUs (year ended December 31, 2014 - \$142,500).

The following tables list the Company's PSUs and RSUs as at December 31, 2015. During the year ended December 31, 2015, no PSUs or RSUs expired.

Performance Share Units	Number of PSUs	Fair Value	Expected Life
At December 31, 2014	2,000,000	\$ 147,870	
Issued June 22, 2015	1,000,000	307,225	5 years
At December 31, 2015	3,000,000	\$ 455,095	

Restricted Share Units	Number of RSUs	Fair Value	Expected Life
At December 31, 2015 and December 31, 2014	335,000	\$ 77,050	



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16. 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, 2015	Year Ended December 31, 2014
Statutory tax rate	26.50 %	26.50 %
Loss before recovery of income taxes	\$ (19,430,791)	\$ (14,482,133)
Expected income tax recovery	(5,149,160)	(3,837,765)
Permanent differences	221,167	614,729
True-ups and other	(108,393)	(24,608)
ITC's	(377,310)	(232,233)
Benefits of tax attributes not recognized	5,413,696	3,292,229
Total tax recovery	\$ -	\$ (187,648)

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, 2015	Year Ended December 31, 2014
Deductible Temporary Differences		
Mineral properties	\$ 93,035,275	\$ 87,552,905
Provision for environmental expenditure	1,467,096	1,467,096
Capital losses	11,298	1,817,993
Loss-carryforwards	48,885,198	43,801,705
Share issue costs	192,536	571,376
Loan facility and unaccreted amounts	12,081,304	1,456,404
ITC's	8,368,943	7,991,633
	\$ 164,041,650	\$ 144,659,112



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16. Income Taxes (Continued)

At December 31, 2015, the Company had unclaimed non-capital income tax losses that expire as follows:

2026	\$ 499,732
2027	1,179,805
2028	6,895,022
2029	7,720,158
2030	6,614,041
2031	8,385,059
2032	7,128,570
2033	1,665,096
2034	5,466,961
2035	3,330,754
	<u>\$ 48,885,198</u>

17. Loss Per Share

	Year Ended	
	December 31, 2015	December 31, 2014
Income (Loss) attributable to common shareholders	<u>\$ (19,430,791)</u>	<u>\$ (14,294,485)</u>
Weighted average shares outstanding - basic	<u>243,989,460</u>	<u>237,531,352</u>
Loss per share - basic	<u>\$ (0.08)</u>	<u>\$ (0.06)</u>

As a result of the net loss for the year ended December 31, 2015 and for the year ended December 31, 2014, the potential effects of the exercise of stock options and the conversion of the RCF loan facility - February 26, 2013 were anti-dilutive. Thus, basic loss per share and diluted loss per share are equal for those periods.

18. Commitments and Contingencies

- Under the terms of leases including Noront's mining lease, office space, vehicles and equipment, the Company is obligated to minimum annual rent and lease payments of \$434,697 in 2016, \$425,465 in 2017, \$45,559 in 2018, \$12,301 in 2019 and \$12,301 in 2020.
- The Company currently has agreements with several constructors that include provisions where the constructors 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, 2015, the amount of this contingent liability is approximately \$250,000.



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19. Compensation of Key Management

	Year Ended	
	December 31, 2015	December 31, 2014
Salaries, benefits and directors' fees	\$ 1,935,510	\$ 1,604,647
Severance and consulting	-	80,000
Share-based compensation	835,748	802,819
	\$ 2,771,258	\$ 2,487,466

Key management includes the 7 directors and 6 members of the executive management team (year ended December 31, 2014 - 7 directors and 6 members of the executive management team). Three members of key management are allocated to Development and Exploration Expenditures under Owner's Costs and three members of key management and the directors are included in Office and General.

20. Supplementary Expense Information

	Year Ended	
	December 31, 2015	December 31, 2014
a) Development and Exploration Expenditures		
Owner's Costs	\$ 1,528,173	\$ 1,520,586
Camp Operations & Exploration Expenditure	2,583,509	1,949,922
Permitting	500,048	2,361,697
Engineering/Site & Road Geotechnical	402,514	1,043,249
Other	-	(567,466)
	\$ 5,014,244	\$ 6,307,988

Included in development and exploration expenditures expenses for the year ended December 31, 2015 is \$2,151,256 of salaries and benefits (year ended December 31, 2014 - \$1,958,768) and \$277,755 of fuel (year ended December 31, 2014 - \$335,290).

Included in other costs for the year ended December 31, 2014 is a recovery of \$568,282 related to tax credits for exploration expenditures, incurred in fiscal years 2008 and 2009, which were previously denied by the Government of Québec. In July 2014, the Company received a final notice of assessment allowing the inclusion of a portion of the underlying expenditures resulting in a recovery of exploration expenditures.

b) Office and General:

	Year Ended	
	December 31, 2015	December 31, 2014
Salaries, benefits and directors' fees	\$ 1,772,426	\$ 1,561,266
Employee severance	42,821	80,000
Donations & sponsorships	159,682	115,076
Administrative and other expenses	821,523	811,963
Professional fees	1,048,228	1,042,129
Communications & travel	283,211	398,174
	\$ 4,127,891	\$ 4,008,608



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

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21 Subsequent Events

On December 31, 2015 the company announced the sale of a 1% NSR Royalty (the "Royalty") over the Eagles's Nest deposit to RCF for the sum of US\$2.5 million and the loan set-off and satisfaction agreement (the "Loan Set-Off"). The Royalty agreement contains a buy-back provision whereby the company can repurchase 50% of the royalty for US\$3.125 million for a period of 30 months. The transaction closed on January 14, 2016. The proceeds from this transaction were used to satisfy the repayment of the US\$2 million bridge loan to RCF as per the terms of the Loan Set-off and Satisfaction Agreement (see note 12.a (ii)) and also for working capital purposes.

The Company issued 29,391 common shares of the company (the "Interest shares") at a price of \$0.39 per share in satisfaction of interest in the amount of \$11,330 due on the US\$2 million bridge loan for the period from January 1 - 13, 2016 as a result of closing the sale of the Royalty. The shares will be subject to a four month hold period which will expire on May 21, 2016.

On March 17, 2016, the Company announced that it had closed its previously announced short-form prospectus offering raising gross proceeds of \$6,332,772 through the issuance of the maximum number of units ("Units") and flow-through units ("Flow-Through Units") under the base deal, as well as the exercise of the over-allotment option, by the Agent. Noront raised \$4,305,522 from the sale of 12,301,492 Units at a price of \$0.35 per Unit, with each such Unit consisting of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share at a price of \$0.50 per share on or before March 17, 2019. The Company also raised \$2,027,250 from the sale of 4,505,000 Flow-Through Units at a price of \$0.45 per Flow-Through Unit, with each such Flow-Through Unit consisting of one flow through common share ("FT Share") and one-half of one common share purchase warrant, each whole warrant entitling the holder to purchase one common share at a price of \$0.55 per share on or before March 17, 2019. The FT Shares will be "flow-through" shares pursuant to the Income Tax Act (Canada). As a precondition to the prospectus financing, RCF provided the Company with an undertaking to extend the Convertible Loan to March 17, 2017.

On March 30, 2016, the Company announced the closing of a private placement financing raising total gross proceeds of \$1.14 million. The financing consisted of 1,500,000 units at a price of \$0.35 per unit for gross proceeds of \$525,000 with each unit comprised of one common share and one common share purchase warrant (each whole warrant entitling the holder to purchase one common share at a price of \$0.50 per share for a period of 36 months from closing) and 1,366,666 flow-through units at a price of \$0.45 per flow-through unit for gross proceeds of \$615,000 with each flow-through unit comprised of one flow-through share and one-half of one common share purchase warrant (each whole warrant entitling the holder to purchase one common share at a price of \$0.55 per share for a period of 36 months from closing).



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