



ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017



LETTER FROM THE PRESIDENT

Fellow shareholders,

The past year saw some major achievements for your Company with the government's announcement of the funding of two all-season access roads to the Ring of Fire, exploration success at McFaulds Lake and the receipt of four strong proposals from Ontario cities to host Noront's planned Ferrochrome Production Facility (FPF).

In the fall of last year, the provincial government announced that it would be providing funding and support for the development of two road projects to the Ring of Fire. Construction of all-season industrial and community access roads is one of the key project enablers that Noront has been working toward with the government and our First Nation partners. Since the announcement, a great deal of progress has been made and Noront has transferred large amounts of engineering and Environmental Assessment data to the First Nations groups in order to streamline the permitting activities. A group consisting of members of four provincial ministries has also been supporting the First Nation proponents of the roads. The province stated that it would target 2019 for the start of construction activities.

The Company also continued its work with Marten Falls First Nation (MFFN) on the Eagle's Nest development agreement. The two groups meet regularly to map out how the deposit will be developed, how the community will participate and what new businesses will be created to support the activity. It is the intention of both parties that this work will lead into the negotiation of an impact benefit agreement.

We shifted our exploration focus during the year from nickel-copper deposits to copper-zinc and started a systematic review of our McFaulds Lake claim blocks. The exploration team covered the McFaulds Lake area with modern geophysical surveys, both at surface and down old drill holes which resulted in a new discovery - McFaulds No.8. To date we have drilled three holes and have hit massive copper-zinc sulphides in every hole. Our goal is to develop a number of copper-zinc deposits in addition to the two deposits in the area with existing resources (McFaulds No.1 and No.3) in order to provide at least five million tonnes of feed to a centrally located mill.

Noront also staked several groups of claims in the Ring of Fire area to develop the gold potential of the region. Previous drilling in the area inadvertently intersected gold values while targeting base metals and our geologists saw the value in identifying prospective areas in this un-explored Archean aged greenstone belt. We are currently in discussions with several mid-tier to large gold companies regarding a multi-year joint venture approach to gold exploration.

Again, this year, 65% of our exploration workforce comes from local First Nation communities, filling roles such as geophysical surveyor, camp support staff, line-cutter, drill helper and cook/medic. It is important for the Company to work closely with the communities, to demonstrate the tangible benefits and opportunities that can accrue from resource development.

Our chromite plans were advanced considerably this year with a formal bidding process attracting proposals from four northern Ontario cities; Sault Ste. Marie, Sudbury, Thunder Bay and Timmins. Noront is looking for a brown fields industrial site that we can repurpose to house our Ferrochrome Production Facility (FPF). As well as being an environmentally sound approach, reusing an existing site will reduce the capital construction cost by taking advantage of pre-existing infrastructure such as buildings, roads, rail, material handling facilities and electrical infrastructure. As there has not been a smelter permitted in Ontario since Kidd Creek in the 1970's, we considered it prudent to get started on this activity immediately by selecting our strategic partnering site. We are currently evaluating the proposals and will publicly announce our decision mid-year.

Longstanding Board member Dave Thomas of Resource Capital Funds (RCF) announced his retirement this spring and will not be seeking re-election to the Board at the annual AGM. I would like to thank Dave for his outstanding contributions over the years as an energetic Board member and Committee Chair. Also this year, Board member Greg Rickford announced that he will be seeking a seat in the provincial legislature representing Kenora/Rainy River and resigned from Noront's Board of Directors. I wish Greg well in his future endeavors.

Finally, I'd like to thank you, our shareholders, for your ongoing support and confidence as Noront strives to become a Canadian mining champion based on the tremendous resources we have acquired in the emerging Ring of Fire district. The past year saw tangible progress and exciting outcomes that we intend to build upon in the up-coming year.

Sincerely,

Alan Coutts, P. Geo
President & CEO
Noront Resources



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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, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34, Interim Financial Reporting. 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.

Ryan Weston M.Sc., MBA, P.Geo., Vice-President Exploration 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 April 17, 2018.

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 2017, 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 17, 2018, 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 is 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 has 100% ownership of the most significant chromite resources in the Ring of Fire including the Black Thor chromite deposit and the Blackbird chromite deposit as well as a 100% interest in the Black Label chromite deposit and a 70% interest in the Big Daddy chromite deposit. The Company has extensive copper-zinc holdings including an 85% interest in the McFauld’s Lake copper-zinc deposits/occurrences and a 75% interest in the Butler properties copper-zinc occurrences. As well the company has a 100% interest in two nickel-copper-platinum group metal discoveries known as “Eagle Two” and “Blue Jay”; an iron-vanadium-titanium discovery known as “Thunderbird”; a shear-hosted gold occurrence called “Triple J”, the very prospective Sanderson nickel properties and other diamond exploration properties.

In September 2017, the Company also staked an additional 150 claims in the Ring of Fire to cover areas considered prospective for gold mineralization.

Noront now holds interest, mineral, and exploration rights to approximately 140,875 hectares of ground in Ontario and 8,730 hectares in New Brunswick.

In New Brunswick, Noront holds a 49% interest in the Burnt Hill tin-tungsten-molybdenum property and a 100% interest in the Golden Ridge gold property.

OBJECTIVES

The Company’s primary objectives for fiscal 2018 are:

- Continue providing technical, environmental and organizational support to the First Nation proponents of the all-season access roads to the Ring of Fire project area in order to get project descriptions and draft terms of references filed to allow for the environmental assessments to be completed;
- Engage the primary First Nation communities in the Company’s project area to advance negotiations of a pre-development agreement in support of the Eagle’s Nest Project while maximizing training and employment opportunities for their community members;
- Evaluate and decide upon the most compelling site proposal received for the Company’s Ferrochrome Production Facility (FPF) and begin preliminary layout work and community engagement;
- Conduct an ongoing systematic exploration program in the Ring of Fire, funded internally or through partnerships, focused on the copper / zinc and gold potential in the Ring of Fire; and
- Pursue and acquire production / development stage properties and businesses that leverage the skill set of management and are complementary to the Company’s current asset base.

STRATEGY

Ring of Fire Regional Development

On August 21, 2017, the Provincial Government of Ontario agreed to fund two First Nation led infrastructure proposals to provide industrial access to the Ring of Fire as well as road access to their communities. Industrial access along either of the two road projects being advanced would be sufficient for the Company's Eagle's Nest project and/or its first stage chromite project. The Company's strategy is to work with the proponents of both projects with a focus on the road project that has the ability to advance to construction on a faster timeline.

The Company is working closely with Marten Falls First Nation (MFFN) to advance their planned North-South road which will connect north of Nakina, Ontario to the community of MFFN and the Ring of Fire. The Company has recently signed a data sharing agreement with MFFN to allow them to use the Company's environmental assessment (EA) and engineering data it acquired as part of the acquisition of Cleveland-Cliffs Inc. (Cliffs) Ring of Fire chromite assets. Additional data acquisition to supplement the Noront data is underway.

Management continues to work with the MFFN owners team to help them navigate the road permitting process. MFFN is working towards having a terms of reference submitted on its road project in the second quarter of 2018 after which the formal environmental assessment will commence. Noront estimates completion of the EA to be in mid-2019 with the project ready to be constructed by in 2021.

The Company has started negotiating a pre-development agreement (the "PDA") with MFFN. The PDA will include reference to project advancement approaches and milestones and define the scope of the Impact Benefit Agreement (IBA). The Company plans to negotiate the IBA once road construction commences.

Chromite Projects

The Company has a controlling interest in 96% of the known Chromite resources in the Ring of Fire that have NI 43-101 measured and indicated resources. The Company's chromite resources are of a sufficient size to support mining in the region over multiple generations.

The Company's chromite strategy is to initially develop its Blackbird chromite deposit which is proximal to the Eagle's Nest nickel, copper, platinum, palladium deposit and can therefore share the same surface infrastructure. The Company is planning on mining between 550 – 750 thousand tonnes of high grade material per annum and direct shipping the ore to a yet to be constructed Ferrochrome Production Facility (FPF) built by Noront in Ontario. The Company believes the ore mined will be of a sufficiently high grade to feed it directly into the FPF without needing to upgrade with a concentrator. It is anticipated this process will produce between 200 – 285 thousand tonnes of high grade ferrochrome which is sufficient to supply approximately half of the North American market. Final rates will be dependent on specific marketing, technical and site selection decisions.

The upgrading of chrome ore to ferrochrome is required to serve the North American market since there are no existing ferrochrome producers in North America. The Company conducted a process in 2017 to invite certain Northern Ontario cities to submit site proposals for the Company's FPF. The Company received proposals for sites proximal to the cities of Sudbury, Timmins, Sault Ste. Marie and Thunder Bay. Management is currently evaluating the proposals with the objective of making a final decision, starting preliminary site layout work and community engagement in 2018.

The Company can increase chromite production by developing its Black Thor chromite project. This expansion would supply the sea borne market primarily in China and Europe and would be undertaken if market conditions are favourable. An analysis to expand the existing FPF would be completed at this time.

The market for chrome ore and ferrochrome is strong and prices are at a level that the Company believes provides an estimated internal rate of return sufficient to develop the first stage of its chrome projects.

Exploration

The Company firmly believes in the continued exploration prospectivity of the Ring of Fire and to this end has added considerably to its project portfolio over the past three years with the addition of Cliffs' chromite and VMS properties, MacDonald Mines' Butler VMS and Sanderson nickel-copper-PGE properties, and most recently through staking of an additional 150 claims covering geological structures believed to be prospective for gold. Through advancing a quality pipeline of multi-commodity projects at various stages of exploration and development, as per our five-year exploration plan below, the company will be well positioned to remain a leader in the Ring of Fire with a sustainable future of quality development assets.

Five Year Exploration Plan

	2016	2017	2018	2019	2020
Nickel-Copper-PGE	Exploration & Discovery			Resource Delineation	
Copper-Zinc		Target Generation	Exploration & Discovery		
Gold		Compilation	Target Generation	Exploration & Discovery	

Given the success of our VMS programs in 2017, exploration efforts in 2018 will focus heavily on the VMS potential at the McFaulds Lake and Butler Lake properties, where the company believes there is good potential for discovery of additional copper-zinc rich sulphide bodies. At McFaulds Lake, exploration programs will focus on following up recent drill intersections on the McFaulds No.8 and No. 9 discoveries as well as generating additional drill targets through ground geophysical surveying at the McFaulds No. 4, No. 3-south and No. 6 VMS occurrences. On the Butler property, the company will focus on following up soil geochemical anomalies with mapping and review of historic drill core, potentially followed by ground geophysical surveying and drilling in the 2nd half of the year.

The Company remains committed to advancing its nickel-copper-PGE targets and will be submitting an early exploration permit application for the Sanderson property in 2018 with the goal of testing this large ultramafic target with ground geophysics and drilling in the 2nd half of the year. In addition, the Company will review results of the 2017 RAB program in the Area 7 magmatic corridor with a view to determining follow-up work in 2018.

The Company views the gold potential in the Ring of Fire to be exceptional, and throughout 2017 advanced its gold compilation program culminating in the fall of 2017 with the staking of 150 claims covering major structures thought to be highly prospective for gold. In 2018 the Company will focus on bringing in the right partner to help advance these gold properties through a three-year strategic alliance, with the goal being discovery of one or more multi-million-ounce high-grade gold deposits. Potential gold partners must be well financed, technically strong in gold exploration, and have an appreciation for Noront's long standing relationships with the surrounding First Nation communities in the Ring of Fire.

An added benefit of our exploration programs is the ability of the Company to engage and train a local First Nation work force in advance of development of the Eagle's Nest project. Throughout 2017, two-thirds of the field program staff were hired from the local communities in the region providing much needed employment and a glimpse of the future benefits and opportunities afforded by the development of the Ring of Fire.

Business Development

The Company's objective is to be an owner, operator of high quality mining projects within and outside of the Ring of Fire. The Company's management team has significant experience successfully building and operating large scale base metal mines which the Company views as a competitive advantage. Management will therefore look for opportunities to acquire high quality advanced development or production assets outside the Ring of Fire that leverage the skill set of management.

SIGNIFICANT EVENTS

Ring of Fire Development

On August 21, 2017, the Provincial Government of Ontario agreed to fund two First Nation led infrastructure proposals to provide industrial access to the Ring of Fire as well as road access to their communities.

The Ontario provincial government has agreed to support and fund the following road proposals put forward by the First Nations which will connect First Nation communities and the Ring of Fire:

- a north-south access road which is being planned by Marten Falls First Nation for construction to the Ring of Fire (the “North-South Road”); and
- an east-west road connecting the Webequie and Nibinamik First Nations communities to the provincial highway network north of Pickle Lake (the “East-West Road”). This road will continue from the Community of Webequie to the Ring of Fire.

The proponents have engaged engineering firms to complete the project descriptions which are required in order to start the environmental assessments. The project descriptions and terms of reference, scheduled to be completed in 2018, will include the specific road routing, project scope and road specifications. An environmental assessment of both the East-West Road and the North South Road is expected to begin shortly after the project descriptions are filed, followed by commencement of construction work in 2019, pending all necessary approvals. This timeframe allows the Company to advance its pre-development work and ready itself for the three-year construction of its Eagle’s Nest nickel, copper, platinum group metal mine.

Noront has started the pre-development agreement negotiations with the traditional land user in the region. The pre-development agreement defines items which will be included in the Impact Benefit Agreement. The company continues to collaborate with its First Nation partners on the road projects providing input into the technical industrial road specifications and on its development plans with respect to its mining projects.

Ferrochrome Production Site

In 2017, the Company invited certain Northern Ontario Communities to participate in a process to select the site of the Company’s planned Ferrochrome Production Site. The Ferrochrome Production Site will upgrade chromite from the Company’s chromite deposits in the Ring of Fire to sell initially into the North American Market. The Company envisions that the site will be expandable to allow for increased production to expand into the seaborne market once it has established itself in the North American Market.

On February 2, 2018 the Company received site proposals from Sault Ste. Marie, Sudbury, Thunder Bay and Timmins. The Company has engaged Hatch, a Mississauga, Ontario-based engineering and consulting company to assist in adjudicating the bids. Next steps include calculating indicative capital and operating costs and reviewing these alongside community and First Nations support; site appropriateness; environmental factors; access to a skilled workforce and other elements.

Exploration

The most significant exploration event in 2017 was the discovery of the McFaulds No. 8 copper-zinc sulphide lens on the Company’s first ever drill program on the McFaulds property. Initial work began in early 2017 with a major core re-logging program and acquisition of a high resolution airborne magnetic survey to better resolve the stratigraphy and deposit geology of the known occurrences. The company received exploration permits in June and in July executed a ground EM survey northeast of the McFaulds No. 1 deposit (figure 1). Unfortunately, no significant conductors were identified in this area. In August, drill and geophysical crews were mobilized to site to drill three holes to test the down-plunge continuity of the McFaulds No. 3 deposit to the southwest as well as any significant bore-hole EM conductors identified in historic holes being surveyed. Drilling down-plunge to the southwest of McFaulds No. 3 encountered the exhalative horizon but failed to intersect any significant sulphides. However, a borehole EM survey northeast of McFaulds No. 3 identified a significant conductor 35m off-hole and 175m into the footwall of McFaulds No. 3. Drilling of this target in late August intersected 18m of copper-zinc mineralization, including **9.0m grading 2.0% copper, 3.6% zinc, 7.8 g/t silver from 557m depth** in massive sulphide (figure 2). In October the company drilled a follow-up hole 88m up-dip of MCF-17-88 and intersected **10.9m of massive sulphide grading 1.1% copper, 1.7% zinc and 10.9g/t silver** from 486m depth in MCF-17-89. In addition to the McFaulds No. 8 target, the borehole EM surveys identified a second-high priority conductor (McFaulds No. 9 target) located 500m east of McFaulds No. 8 (figure 1) which the company plans to drill test in 2018.

In winter 2017, the company advanced its nickel-copper-PGE projects with a first ever Rotary Air Blast (RAB) drill program designed to confirm the ultramafic source to numerous discrete magnetic anomalies within a northeast trending structural corridor (Area 7) five kilometers northwest of Eagle’s Nest (figure 3). These targets resemble the size and form of the host intrusion to the Eagle’s Nest nickel-copper-PGE deposit, and have potential to host sulphide mineralization. Of the fifteen holes drilled in Area 7, nine returned ultramafic lithologies favorable for nickel-sulphide mineralization, including one hole which returned highly anomalous PGE values (0.8 ppm Pt + Pd). Follow-up ground EM surveying over these targets failed to identify any significant conductors, however, the newly defined corridor trends for ~19km and requires much more work to fully test the nickel-copper-PGE potential.

In spring 2017, the Company acquired a high-resolution airborne magnetic survey on its Sanderson property over a large magnetic anomaly, the Pinay target, located in the footwall to the large 'Big Mac' ferrogabbro intrusion. The Pinay target measures 4.5km long by up to 800m wide and is believed to be an ultramafic intrusion similar in scale to the host intrusion of the Black Thor chromite deposit. The target has never been drill tested or subject to ground EM surveying. The company plans on submitting an early exploration permit to explore the Pinay target in 2018.

Figure 1: McFaulds VMS property and 2017 exploration work locations

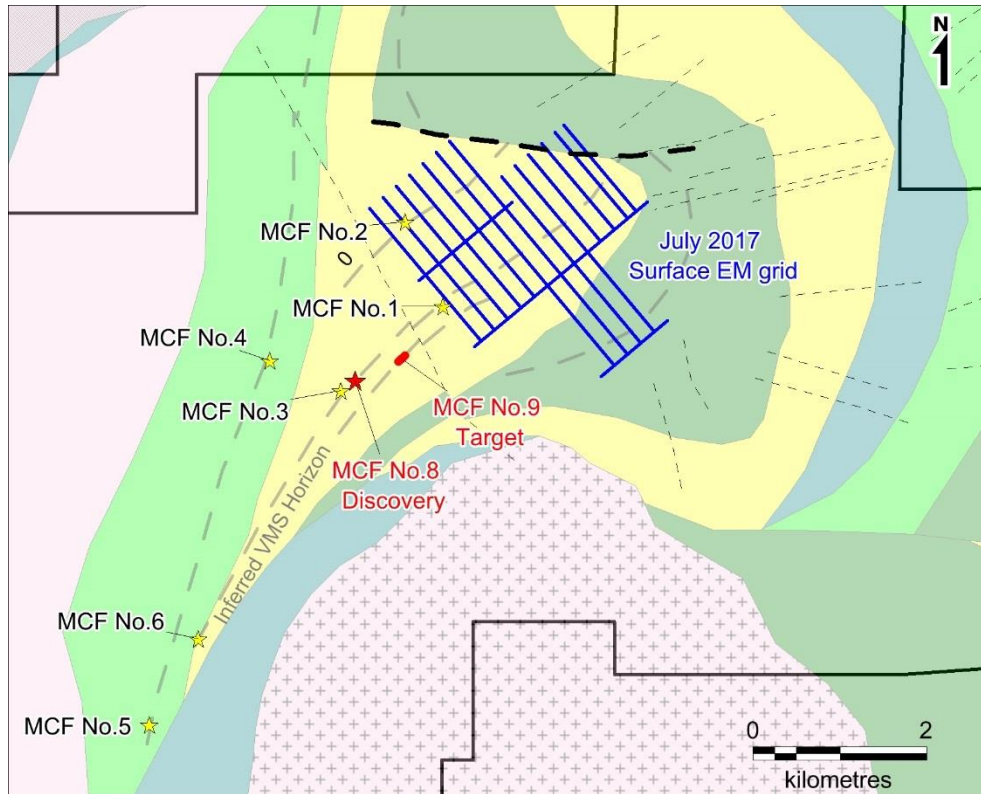


Figure 2: McFaulds No. 8 copper-zinc rich massive sulphide discovery (MCF-17-88)



Figure 3: Area 7 RAB drill hole locations and results

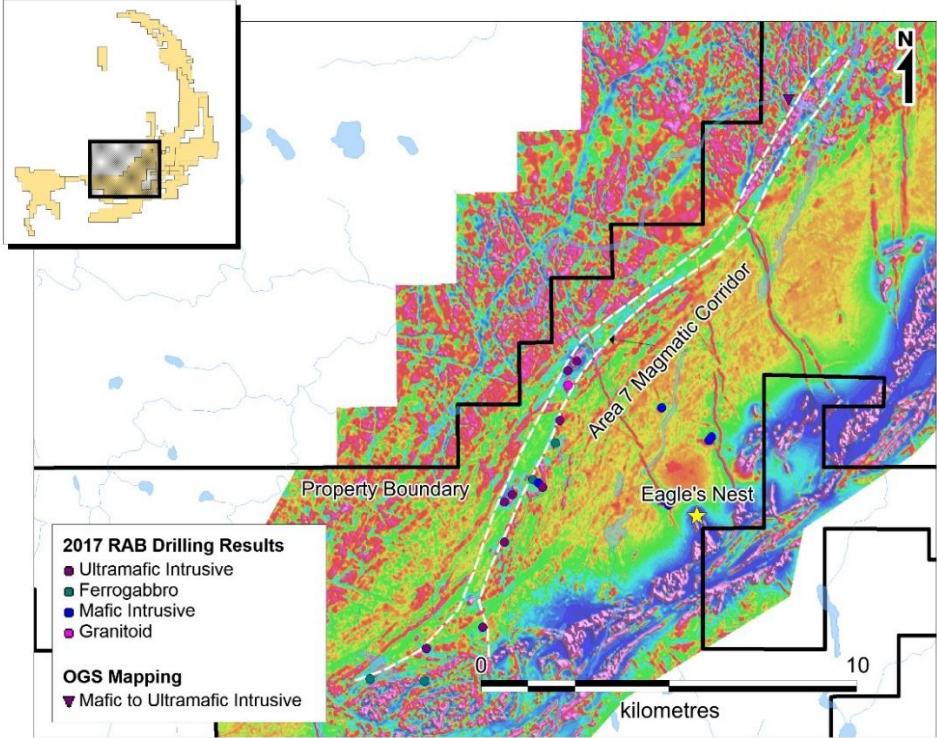
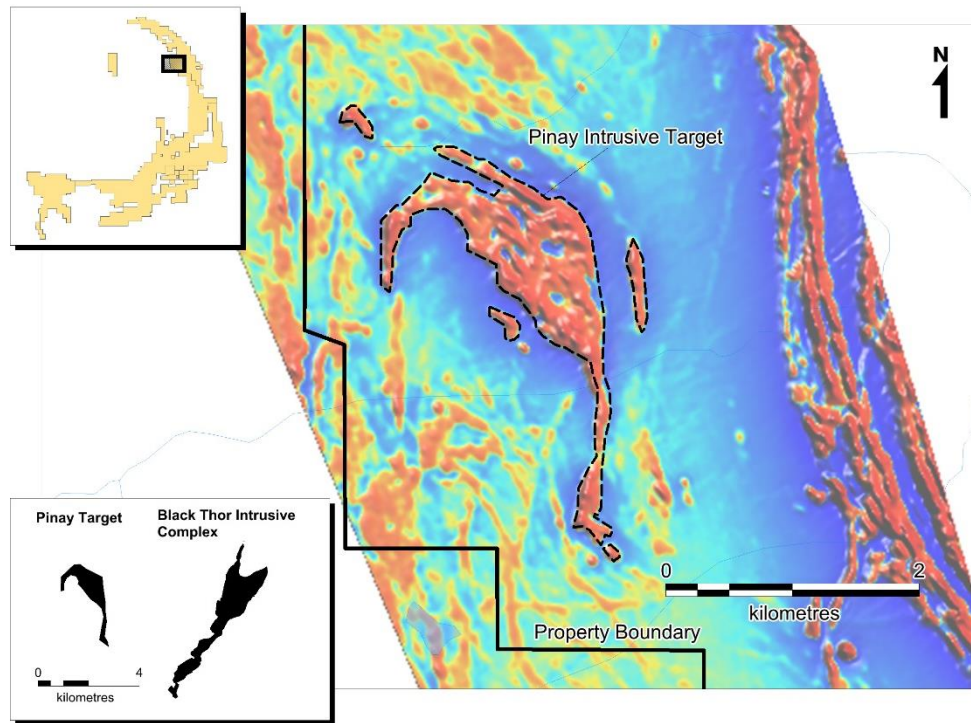


Figure 4: Pinay target magnetic response, Sanderson Property

Other Significant Events

On April 10, 2017, the Company appointed the Honourable Greg Rickford, former federal Canadian Minister of Natural Resources, Jean-Paul (JP) Gladu, President and CEO of the Canadian Council for Aboriginal Business (CCAB) and Bo Liu, Senior Manager, Global Resource Development, Baosteel Resources International to the Board of Directors. Mr. Rickford specializes in natural resources, Indigenous & health matters and has lived and worked in Indigenous communities in northwestern Ontario and across Canada. Mr. Gladu has more than two decades of experience in the natural resources sector working with Aboriginal communities and organizations, environmental groups, industry and government. Mr. Bo Liu has held several senior positions since he joined Baosteel in 2001, a world leader in steel and stainless steel products.

Mr. Rickford announced his resignation from the Company's Board of Directors on December 20, 2017 after he announced his candidacy for Member of the Provincial Parliament in the Kenora-Rainy River district.

On June 8, 2017, the Company appointed John Pollesel, former Senior Vice-president Mining at Finning Canada. Mr. Pollesel has over 25 years of mining, operations and finance experience. Prior to his most current role he was the Chief Operating Officer and Director of Base Metals Operations for Vale's North Atlantic Operations, with responsibility for Sudbury, Voisey's Bay and Manitoba operations along with other mining and metallurgical assets.

On September 15, 2017, the Company announced the closing of a private placement of 9,239,000 flow-through shares at a price of \$0.40 per flow-through share for gross proceeds of \$3,695,600. The funds are being used to fund the Company's exploration program in the Ring of Fire.

On October 12, 2017, the Company announced the closing of a non-brokered private placement of 3,400,000 common shares at a price of \$0.3675 per share with RCF V Annex Fund L.P. for gross proceeds of \$1,249,500. Proceeds from the private placement are being used to support the negotiation of a Pre-Development Agreement (PDA) for the Eagle's Nest nickel, copper, platinum, palladium mine with our First Nation Partners. At the same time, the Company also entered into a third amending agreement with Resource Capital Fund V L.P. ("RCF V"), an affiliate of RCF V Annex (together "RCF") to extend the term of its existing US\$15 million convertible

debenture (the "Convertible Debenture"). The maturity date of the Convertible Debenture was extended until June 30, 2018 (previously December 31, 2017) with all other terms and conditions remaining the same.

Pursuant to the loan agreement entered into between Noront and RCF (a major shareholder and related party with a 20.39% ownership position in the Company), dated February 26, 2013, the Company has satisfied the payment of interest for each quarter of calendar 2017 by delivery of the following common shares of the Company (the "Interest Shares"):

- a) 1,636,383 Interest Shares to RCF on January 13, 2017, at an effective price of \$0.2464 per Interest Share.
- b) 1,682,346 Interest Shares to RCF on April 10, 2017 at an effective price of \$0.2379 per Interest Share.
- c) 1,103,593 Interest Shares to RCF on July 13, 2017, at an effective price of \$0.3535 per Interest Share.
- d) 1,160,906 Interest Shares to RCF on October 11, 2017, at an effective price of \$0.3223 per Interest Share.
- e) 1,214,981 Interest Shares to RCF on January 25, 2017, at an effective price of \$0.3104 per Interest Share

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 at a mining rate of 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 environmental assessment for the shared transportation corridor to the Ring of Fire formally commences with an approved terms of reference from the Provincial Government of Ontario and necessary financing is arranged. Management has identified certain opportunities to reduce the capital cost related to the mine and mill project including locating the process plant on surface as opposed to underground and simplifications to the mine design.

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 commons 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:

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.

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

Deposit	Classification	Tonnes (Millions)	Cr₂O₃ %
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 less than 1 km from the Company's Eagle's Nest project and is conducive to bulk underground mining. The Company anticipates that the Blackbird deposit will be developed once Eagle's Nest is in production and will share the same surface infrastructure. The Company is planning for the mine to produce approximately 550 – 750 thousand tonnes of ore which would produce approximately 200 – 280 thousand tonnes of ferrochrome which represents approximately 40% - 50% of the North American Market. The ferrochrome smelter is planned to be constructed at a yet to be determined brown-fields site in Ontario.

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).

A larger scale chromite development supported by the Black Thor and Big Daddy Deposits will follow the Blackbird Development with a timeline that is dependent upon the seaborne ferrochrome market. The larger scale project has the potential to produce up to 1.5 million tonnes of concentrate and 600,000 tonnes of ferrochrome.

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.

McFAULD'S LAKE VMS DEPOSITS

The two McFauld's deposits are volcanogenic massive sulphide (VMS) type occurrences and are the centerpiece of a 71 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:

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.

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.

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 discovery of additional VMS mineralization along this favorable 10 km horizon.

RING OF FIRE REGIONAL EXPLORATION

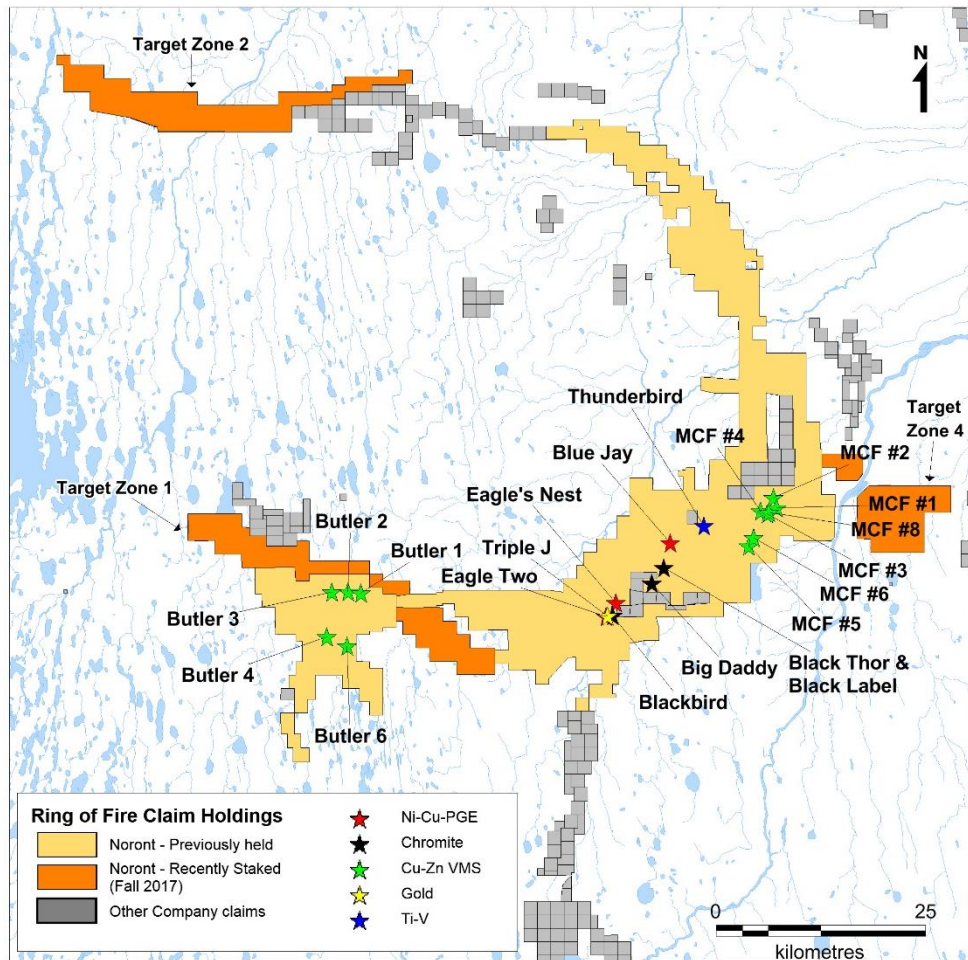
In fall 2017 The Company added significantly to its stable of exploration properties through staking of 150 claims (figure 5) bringing Noront's Ring of Fire land holdings to 576 claims totaling 134,932 hectares. These properties cover geological structures in three principle target zones believed to be highly prospective for gold mineralization. Target Zone 1 covers a significant portion of the Webequie fault, a major shear zone which transects and dextrally displaces the northern margin of the Butler property and which shows early signs of gold endowment in lake sediment samples. Target Zone 2 covers a significant portion of the South Kenyan fault zone, a regional shear zone with significant displacement and attenuation of mixed sedimentary and volcanic lithologies, akin to major structural breaks observed in the Abitibi gold camp. Target Zone 4, which covers a younger sedimentary basin, the Tappan geological assemblage, which is presumed to lie in unconformable contact with older volcanic units of the Attawapiskat assemblage. The Tappan sedimentary assemblage displays evidence of tight folding of banded iron formation as interpreted by the Ontario Geological Survey in the airborne magnetic map of the area. The Company has outlined a staged regional exploration program to advance all three target zones for gold exploration and is actively searching for the right partner to advance these properties, with the goal of beginning field work in late 2018 or early 2019.

In fall 2017, the Company executed a MMI soil sampling program on the Butler property, with the aim of identifying areas of copper-zinc anomalism between the Butler No. 3 and No.4 VMS occurrences. Results are encouraging, and the Company will be following up on this work with outcrop mapping and core relogging on the Butler property in 2018. Noront believes the Butler mineralization, in conjunction with its McFaulds copper-zinc resources, represents a compelling district-wide exploration opportunity for VMS deposits. Previous work on the Butler property identified four zinc-copper VMS occurrences (Butler No. 1, 2, 3 and 4) along a 12 kilometre trend of felsic volcanic rocks. Some of the more promising drill intersections to date include:

Butler Mineralization Drill Intersections						
Area	Hole	Width (m)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)
Butler 1	MN06-20	3.6 m	7.5	0.2		30.7
Butler 1	MN06-21	5.7 m	0.2	1.2		16.2
Butler 2	MN10-102	15.0 m	0.5	1.1		6.7
Butler 3	MN10-104	9.0 m	3.3			
Butler 3	MN10-131	7.0 m	6.2			
Butler 3	BP12-CU14	12.5 m	8.5			6.2
Butler 4	MN07-47	3.0 m	10.6	0.4	3.7	115
Butler 4	BP13-CU22	3.0 m	7.5			

The Company staked a discrete magnetic anomaly referred to as the Muketei North property, in September 2017. The anomaly, located mid-way between the Pinay target to the north, and the Blue Jay nickel-copper-PGE occurrence to the south, is 1kilometre in diameter and is believed to represent an ultramafic intrusion with potential to host nickel-copper-PGE mineralization. The edge of the anomaly was drilled in 1996 by KWG resources targeting diamond mineralization at the time. The drill log reports mafic gneiss but the form of the magnetic anomaly suggests a mafic-ultramafic intrusive. Initial work, including MMI soil sampling over the target, will be performed in 2018.

Figure 5: Noront Ring of Fire Claim Map



There is a 2% GSR on any chromite production and a 2% NSR on all other mineral production from the Company's Ring of Fire Regional Exploration properties, excluding the Company's Eagle's Nest deposit, its McFauld's Lake VMS deposit and the newly acquired Butler and Sanderson Properties.

There is a 2% NSR over six claims which comprise part of the Butler Property.

OTHER PROPERTIES

Other Ring of Fire Properties

Eagle Two

Eagle Two is a second nickel, copper sulphide occurrence located 2 kilometres southwest of Eagle's Nest. The mineralization occurs in a series of pyrrhotite – magnetite – chalcopyrite – pentlandite-bearing massive sulphide veins. No resource estimate or technical report has been released on this property;

Blue Jay (AT12)

Blue Jay is a third nickel, copper sulphide occurrence located 9.5 kilometres northeast of Eagle's Nest and is a potential feeder zone to Black Thor. This deposit contains pervasive, low grade nickel and copper occurring as finely disseminated pyrrhotite, chalcopyrite and pentlandite constrained within an ultramafic dike measuring on average 1,400 metres in length by 200 metres in width by 600 metres in breadth and plunging to the south-southwest at 65 to 70 degrees. No resource estimate or technical report has been released on this property;

Triple J Gold Zone

The Triple J Gold Zone is a zone of gold mineralization related to the sheared contact between the talc-altered peridotite hosting the Blackbird and Eagle Two discoveries and the hanging wall granodiorite. Triple J ranges in thickness from several centimetres to tens of metres with a strike length currently defined at 1 kilometre and to a depth of 300 metres. The zone is interpreted as a large, low grade gold occurrence flanking the Blackbird and Eagle Two deposits. No resource estimate or technical report has been released on this property.

Thunderbird

Thunderbird is a potential large tonnage iron-vanadium-titanium deposit, currently classified as an occurrence. The zone is located 12 kilometres northeast of the Eagle's Nest deposit, and 2 kilometres east of the Blue Jay occurrence. It is demarcated by a magnetic high which trends north-south as part of a magnetic anomaly that is 7 kilometres long, and 3 kilometres wide. No resource estimate or technical report has been released on this property;

Kyle Kimberlite

Kyle Kimberlite is a kimberlitic body that was discovered in 1993 and was acquired by Noront in 2015 through the purchase of Cliffs Natural Resources assets in the Ring of Fire. It is located approximately 70 kilometres east of Eagle's Nest and is a joint venture between Noront (50%) and Debut Diamonds (50%). It has been tested for diamonds and was found to contain promising contents of micro- and macro-diamonds of varying carats. No resource estimate or technical report has been released on this property; and

Other Non-Ring of Fire Properties***MacFadyen Kimberlites***

The MacFadyen Kimberlites are four kimberlitic bodies that were discovered between 1995 and 1996 and were acquired by Noront in 2015 through the purchase of Cliffs Natural Resources assets in the Ring of Fire. They are not located within the Ring of Fire itself, rather, they are located approximately 7 km north of the De Beers Victor Diamond Mine and are a joint venture between Noront (30%) and Debut Diamonds (70%). All kimberlites have been tested for diamonds and were found to contain promising contents of micro- and macro-diamonds of varying carats. No resource estimate or technical report has been released on this property.

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. On September 26, 2017, the Company amended its option agreement on this property with Cadillac Ventures. Cadillac has the option to increase its ownership position from 51% to 65% by making three payments over two years to Noront totaling \$500,000 in a combination of shares and cash. The Company has received the first and second payment of \$100,000 (\$50,000 in cash and \$50,000 in shares) and \$150,000 respectively. Cadillac can earn the remaining 35% in the project by making a \$1.3 million (\$650,000 in cash and \$650,000 in shares) payment to Noront within two years from earning its 65% interest.

Sungold, Ontario

The Sungold property lies just east of Quetico Provincial Park in northwestern Ontario, approximately 125 kilometres west of Thunder Bay, in the Shebandowan Greenstone Belt of the Archean Superior Province. This property was acquired as a result of the transaction with Cliffs Natural Resources and is a 100% owned property that currently consists of 30 claims covering an area of 4,736 hectares.

It contains the massive sulphide Wye Lake occurrence and the southeast extension of the Hamlin IOCG (iron oxide-copper-gold-uranium) deposit, currently owned by Glencore. Exploration targets on this property include shear-hosted gold, volcanic-hosted copper-zinc (VMS), and IOCG. The Company has no activity planned for these properties for the current fiscal year.

Bull Lake, Ontario

The Bull Lake property lies within the East Bull Lake Intrusive Suite of northwestern Ontario, approximately 60 kilometres west of Sudbury, in the Archean Superior Province. This property was acquired as a result of the transaction with Cliffs Natural Resources and is a 100% owned property that consists of only 3 claims covering an area of 256 hectares. The project has exploration potential to host nickel-copper and PGE deposits. The Company has no activity planned for these properties for the current fiscal year.

Golden Ridge, New Brunswick

The Golden Ridge property is located in York County, western New Brunswick, Canada, approximately 30 kilometres south-southwest of Woodstock and 90 kilometres west of the provincial capital of Fredericton, along the Maine border. This property was acquired as a result of the transaction with Cliffs Natural Resources and the Company has a 40% interest in the property with Rockport Mining Corporation. The Golden Ridge gold deposit occurs on the property, on which a mineral resource estimate has been completed (in 2013). This deposit contains 520,200 ounces of gold at a grade of 0.91g/t, however, the deposit only contains Inferred resources. The cut-off grade is 0.35g/t. Recently, Rockport Mining Corporation and its parent corporation, Tri-Star Resource plc. (London, UK), stopped its Canadian exploration programs and most likely will divest its interest in this project. Noront has no activity planned for these properties for the current fiscal year.

SELECTED FINANCIAL INFORMATION

The following financial data are derived from the Company's financial statements for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 which have been prepared in accordance with IFRS:

(expressed in \$ thousands except per share amounts)	Year Ended		
	December 31,		
	2017	2016	2015
Development and exploration expenditures	6,802	6,133	5,014
Office and general	3,285	2,852	4,128
Amortization	337	391	486
Share-based compensation	1,002	814	920
Interest income	48	35	17
Finance expense	(4,199)	(4,257)	(3,317)
Gain on sale of mineral property	100	-	-
Gain on sale of investments	-	-	142
Loss on loan extinguishment	-	(3,339)	-
Re-measurement of Repayment Options	98	6,952	(1,278)
Gain on sale of royalty	-	2,057	4,149
Accretion expense	(4,674)	(3,314)	(2,352)
Net loss	(15,722)	(9,980)	(19,431)
Cash and cash equivalents	6,722	11,480	3,099
Assets	34,108	39,215	31,872
Non-Current Liabilities	33,474	30,413	26,334
Working Capital ⁽¹⁾	(12,372)	(6,631)	(23,142)

⁽¹⁾ Working capital includes all current assets and current liabilities, excluding non-cash repayment options and flow-through share liability (See Non-IFRS Financial Performance Measures).

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016**Development and Exploration Expenditures**

(expressed in \$ thousands)	Year Ended	
	December 31,	
	2017	2016
Owner's cost	\$ 352	\$ 654
Camp operations and exploration expense	5,756	5,167
Community engagement & permitting	233	175
Engineering, staking & other	461	137
Total	\$ 6,802	\$ 6,133

Owner's Costs

Owner's costs consist of the Company's project personnel and consultants. In 2017, these costs were significantly lower than the comparable year due to a reduction in the use of consultants.

Camp Operations & Exploration Expenditure

During the year ended December 31, 2017, \$2.4 million was spent on camp operations in support of exploration activities and \$3.4 million was spent on direct exploration. This compared to \$2.4 million spent on camp operations and \$2.7 million spent on exploration in the prior year. The increase in direct exploration spend during the current period was due to higher drilling activity and higher fuel costs.

Permitting and Community Engagement

Permitting expenses consists of costs related to environmental base-line field work and First Nation community engagement. In 2017, costs were higher than the comparable year as the Company continued to engage in pre-development negotiations and community engagement activities.

Engineering, Staking & Other

Engineering expenses in 2017 primarily consisted of costs associated with technical engineering and gold staking activities. Engineering work was predominantly related to the Company's process to select a site for its ferrochrome processing facility. There were no Engineering/Site and Road Geotechnical costs incurred during the year ended December 31, 2016 due to a deferral of engineering work. In 2016, the clean-up of the Butler Lake property which was acquired during the year is included in these costs.

Office and General

(expressed in \$ thousands)	Year Ended	
	December 31,	
	2017	2016
General administration	\$ 2,531	\$ 2,105
Professional fees	456	467
Communications and travel	298	280
Total	\$ 3,285	\$ 2,852

General Administration

General administration expenses were lower in the comparable year due to a decrease in salaries and benefits as a result of a reduction in personnel, a suspension in director's fees in the first half of the year and a reduction in donation and sponsorship expenses.

Professional fees

Professional fees include legal and audit costs related to compliance, government relations, personnel and communications consultants as well as other legal costs related to business development initiatives.

For the year ended December 31, 2017, professional fees were comparable to the prior year.

Communications and travel

For the year ended December 31, 2017, communications and travel costs were higher than the prior year due to increased business development activities.

Finance Expense

Finance expense consists of quarterly interest payments on the Company's loan facilities and other transaction costs. During year ended December 31, 2017, the Company satisfied the payment of interest of \$1.6 million on the RCF convertible loan by issuing 5,583,228 common shares of the Company. Subsequent to year end, the Company satisfied the payment of interest to RCF of \$0.4 million through issuance of 1,214,981 common shares of the Company.

During the year ended December 31, 2016, the Company satisfied the payment of interest of \$1.6 million on the RCF convertible loan, the RCF bridge loan and the loan extension fee by issuing of 6,351,975 common shares of the Company.

For the year ended December 31, 2017 the company accrued \$2.6 million in interest for the Long-Term Loan to Franco-Nevada Corporation in accordance with the loan agreement. Interest on the Franco-Nevada loan is accrued and not payable until the end of the loan term being April 15, 2020.

SUMMARY OF CASH FLOWS

(expressed in \$ thousands)	Year Ended	
	December 31,	
	2017	2016
Cash used in operating activities	\$ (9,467)	\$ (7,882)
Cash provided by investing activities	50	46
Cash provided by financing activities	4,660	16,223
	\$ (4,757)	\$ 8,387

Operating Activities

For the year ended December 31, 2017, the Company had a cash outflow from operations of \$9.5 million compared to a cash outflow of \$7.9 million in the prior year. In the prior year comparable period, there was a reduction in corporate expenditures and a cash inflow of \$1.4 million related to the sale of the tax benefits of flow-through shares issued compared to \$0.7 million in the current year.

Investing Activities

For the year ended December 31, 2017, the Company had cash inflows of \$0.05 million. This is due to the proceeds from the sale of mineral properties related to the Burnt Hill Project Amended Option Agreement with Cadillac Ventures Inc. For the year ended December 31, 2016, the Company had cash inflows of \$0.05 million due to the sale of a 1% Net Smelter Royalty over the Eagle's Net deposit for \$0.62 million offset by a cash outflow of \$0.55 million for the payment of transaction costs related to the Cliffs transaction incurred in the prior year and other costs.

Financing Activities

For the year ended December 31, 2017 proceeds of \$4.8 million, net of transaction costs, were provided by way of a private placement of flow-through shares and a private placement financing. \$0.7 million of the net financing proceeds is related to the sale of tax benefits associated with the issuance of flow-through shares and is presented in operating activities. Cash was also provided from the exercise of stock options and warrants in the amount of \$0.6 million. For the year ended December 31, 2016, cash was provided primarily by way of prospectus offerings and private placement offerings in the amount of \$18.1 million, net of transaction costs. \$1.4 million of the net financing proceeds was related to the sale of tax benefits associated with the issuance of flow-through shares and was presented in operating activities. Cash was also provided from the exercise of stock options in the amount of \$0.3 million. A cash outflow of \$0.7 million in the prior period was related to the payment of prior transaction costs associated with the Company's loan facilities amounting to \$0.3 million and the settlement of an embedded derivative amounting to \$0.4 million.

SUMMARY OF QUARTERLY RESULTS AND REVIEW OF THREE MONTHS ENDED DECEMBER 31, 2017

(expressed in \$ thousands except per share amounts)	2017 Oct-Dec	2017 Jul-Sep	2017 Apr-Jun	2017 Jan-Mar	2016 Oct-Dec	2016 Jul-Sept	2016 Apr-Jun	2016 Jan-Mar
Expenses	4,842	5,046	4,610	5,801	4,900	4,873	3,929	4,059
Gain on sale of marketable securities		-	-	-	-	-	-	-
Gain on sale of mineral property		100				674		1,850
Loss on loan extinguishment		-	-	-	-	-	(3,339)	-
Gain on sale of royalty		-	-	-	-	-	-	2,057
Re-measurement of repayment options	(950)	3,112	(3,012)	948	1,555	3,235	362	1,800
Foreign exchange gain (loss)	(227)	1,872	1,186	411	(2,312)	633	230	2,727
Net income (loss)	(5,721)	287	(6,283)	(4,005)	(4,667)	(2,008)	(6,467)	3,162
Net earnings (loss) per share – basic	(0.05)	-	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)	0.01
Net earnings (loss) per share – diluted	(0.05)	-	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)	0.00
Cash and cash equivalents	6,722	8,345	6,689	8,684	11,480	11,275	5,861	3,339
Working Capital ⁽¹⁾	(12,372)	(10,545)	(11,959)	(10,027)	(6,631)	9,678	3,743	(14,187)
Assets	34,108	35,646	34,067	36,255	39,215	39,335	33,102	36,031
Long-term Liabilities	33,474	31,851	31,851	31,329	30,413	48,526	49,177	25,891

⁽¹⁾ Working capital includes all current assets and current liabilities, excluding non-cash repayment options and flow-through share liability (See Non-IFRS Financial Performance Measures)

The quarterly variation in expenses is mainly attributable to timing of technical studies, exploration drill programs, and stock option expense which is recognized in accordance with the vesting provisions. The working capital is negative due to the presentation of the convertible loan facility (the "Convertible Loan") with RCF as a current liability. During the second and third quarters of 2016, the RCF loan was classified as a non-current liability when the terms of the Convertible Loan were extended to December 31, 2017. On October 4, 2017 the Convertible Loan was further extended to June 30, 2018.

The Company has also recorded a gain on the re-measurement of the repayment option available under the Convertible Loan of \$7.0 million for year ended December 31, 2016. This gain reflects the reductions in the fair value of the liability for the previous repayment option from \$2.2 million at December 31, 2015 to nil on the date that the Convertible Loan was amended as well as a fair value adjustment to the value established at the date of the loan extension.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position (cash and cash equivalents) at December 31, 2017 was \$6.7 million compared to \$11.5 million as at December 31, 2016.

At December 31, 2017, the Company had not yet achieved profitable operations, had an accumulated deficit of \$260.9 million since inception (December 31, 2016 – \$245.2 million), expects to incur further losses in the development of its business, and has a net working capital of deficit of \$12.4 million (December 31, 2016 – negative working capital of \$6.6 million). At December 31, 2017 and December 31, 2016, the Company had negative working capital as a result of the RCF loan being classified as current.

On October 4, 2017 the Company entered into a third amending agreement with RCF to extend the terms of its existing US\$15.0 million loan. The maturity date of the loan has been extended to June 30, 2018. The Company's expectation is that RCF will either convert the debt to equity or extend the term of the convertible debenture prior to June 30, 2018.

During the year ended December 31, 2017, the Company completed a private placement of flow-through shares for gross proceeds of \$3.7 million and a private placement of common shares for gross proceeds of \$1.3 million. Subsequent to the year ended December 31, 2017, the Company completed a private placement of flow-through shares for gross proceeds of \$4.2 million. Proceeds from the private placements are being used to fund the Company's exploration program and for working capital purposes.

Noront's financial instruments consist of cash and cash equivalents, investments, 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, excluding transaction costs) approximate its carrying values.

The Company will need to raise sufficient capital to further develop its properties and projects and to repay or refinance its current and long-term debt. The timing and ability to do so will depend on, among others, the state 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 or restructuring its debt, there is no assurance that it will be able to obtain adequate financing or refinance its debt 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.

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.

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	2 -3 years	4 - 5 years	After 5 years
Operating Leases	1,334	259	390	494	192
Provision for Environmental Expenditure	2,010	-	-	-	2,010
Other Commitments			-	-	-
Debt Agreements with Related Party	18,818	18,818	-	-	-
Long Term Debt	44,134	-	44,134	-	-
Total Contractual Obligations	66,295	19,077	44,523	494	2,202

Operating lease obligations represent future minimum annual rentals under non-cancellable operating leases for Noront's mining lease, office space, vehicles and equipment.

Contingencies

The Company has an obligation as at December 31, 2017 to spend \$2.3 million on flow-through eligible exploration expenditures by December 31, 2018.

The Company currently has agreements with some contractors that include provisions where the contractors provide up-front work 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 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, 2017, 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 interim filings 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, with respect to the periods covered by the interim filings; and
- (ii) the interim financial statements together with the other financial information included in the interim 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 interim filings.

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 April 17, 2018, the Company had 358,759,308 common shares outstanding, 22,939,536 stock options outstanding with a weighted average exercise price of \$0.31 expiring between 2017 and 2023, 3,000,000 Performance Share Units with an expected life between 2 and 5 years and 665,483 Restricted Share Units with an expected life of 1 year. 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

Factors beyond the control of the Company may affect the marketability of any mineral products discovered or produced. 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 base and precious metals. Historically, commodity 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 or development costs or reduction in levels of activities on our exploration or development projects, or require abandonment or delays in the development of new exploration or development 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 is dependent on a number of key personnel, including the services of certain key employees and contractors, and certain critical resources such as industry consultants, engineering firms and technical experts. 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. 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.

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.

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.

Cyber Security

The Company and its operations rely heavily on various operating financial systems and data. A breach of the Company's information or operational technology systems may result in disruption of business activities, loss of confidential or proprietary data, failure of internal controls over financial reporting failure to meet obligations and reputational damage. Such a breach may also expose the Company to legal and regulatory action. Policies and procedures are maintained to ensure the security of its information technology systems, and data and system security controls are regularly tested and audited. The Company also relies on third-party service providers for the storage and processing of various data. There can be no assurance, however that the Company will not suffer a business disruption or loss or corruption of proprietary data, whether inadvertent or otherwise.

Growth Strategy

We evaluate growth opportunities and continue to consider the acquisition and disposition of exploration and development properties and mineral assets to achieve our strategy. We, from time to time, engage in discussions in respect of both acquisitions and dispositions, and other business opportunities, but there can be no assurance that any such discussions will result in a successfully completed transaction.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

This MD&A contains references to "Working Capital" which is a non-IFRS financial performance measure. The Working Capital is calculated as the value of total current assets less the value of total current liabilities, excluding repayment options and flow-through share liability. The term Working Capital does not have any standardized meaning according to IFRS and therefore many not be comparable to similar measures presented by other companies. The Company believes that this measure of Working Capital provides information useful to its shareholders in the understanding the Company's performance and may assist in the evaluation of the Company's business relative to that of its peers.

OUTSTANDING SHARE INFORMATION

As at April 17, 2018

Authorized	Unlimited
Issued and outstanding shares	358,759,308
Options outstanding	22,939,536
Warrants	42,011,778
Performance Share Units outstanding	3,000,000
Restricted Share Units outstanding	665,483
Convertible Debt	56,157,353
Fully diluted	483,533,458

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



April 17, 2018

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 statement of financial position as at December 31, 2017 and December 31, 2016 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.

*PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215*



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, 2017 and December 31, 2016 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 may cast significant doubt about the company'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, 2017	As at December 31, 2016
Assets			
Current Assets			
Cash and cash equivalents	6	\$ 6,721,808	\$ 11,480,077
Taxes and other receivables		60,993	129,760
Supplies inventory		82,679	226,878
Prepaid expenses		106,556	104,634
Total Current Assets		\$ 6,972,036	\$ 11,941,349
Non-Current Assets			
Equipment	7	1,427,783	1,614,692
Mineral properties	8	25,418,065	25,418,065
Investments		290,600	240,600
Total Non-Current Assets		\$ 27,136,448	\$ 27,273,357
Total Assets		\$ 34,108,484	\$ 39,214,706
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	9	\$ 1,051,455	\$ 1,397,458
Loan Facilities - due to Resource Capital Funds V L.P.	10a	18,292,595	17,174,433
Repayment option	10c	2,046,359	2,144,371
Flow-through share liability		463,426	813,267
Total Current Liabilities		\$ 21,853,835	\$ 21,529,529
Non-Current Liabilities			
Provision for environmental obligations	11	1,852,310	1,662,031
Loan Facilities - due to Franco-Nevada Corporation	10b	31,622,186	28,750,976
Total Non-Current Liabilities		\$ 33,474,496	\$ 30,413,007
Total Liabilities		\$ 55,328,331	\$ 51,942,536
Shareholders' Deficit			
Capital stock	12b	\$ 201,181,223	\$ 194,758,699
Warrants	12d	2,205,734	2,334,489
Contributed surplus		36,279,458	35,343,243
Deficit		(260,886,262)	(245,164,261)
Total Shareholders' Deficit		\$ (21,219,847)	\$ (12,727,830)
Total Shareholders' Deficit and Liabilities		\$ 34,108,484	\$ 39,214,706

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

Approved on behalf of the Board of Directors:

(Signed) "Paul Parisotto"
Director

(Signed) "John Pollesel"
Director



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

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

	Note	Year Ended	
		December 31, 2017	December 31, 2016
Expenses			
Development and exploration expenditures	17a	\$ 6,801,721	\$ 6,133,340
Office and general	17b	3,285,004	2,851,688
Amortization		336,957	391,388
Share-based compensation	12c, e	1,002,145	813,510
<hr/>			
Loss before finance items and other gains		\$ (11,425,827)	\$ (10,189,926)
Interest income		48,430	34,983
Finance expense		(4,198,792)	(4,257,152)
Flow-through share premium		1,088,961	909,291
Gain on sale of mineral property		100,000	-
Loss on loan extinguishment	10a(i)	-	(3,339,422)
Gain on sale of royalty		-	2,057,046
Accretion expense		(4,674,342)	(3,313,630)
Re-measurement of repayment option	10c	98,012	6,952,319
Re-measurement of embedded derivative		-	(133,972)
Foreign exchange gain		3,241,557	1,277,798
Other		-	22,500
<hr/>			
Net loss and comprehensive loss		\$ (15,722,001)	\$ (9,980,165)
<hr/>			
Loss per share - basic and diluted	14	\$ (0.05)	\$ (0.03)



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	Contributed Surplus	Deficit	Total
Balance, December 31, 2015	255,857,623	\$ 176,756,027	\$ 62,859	\$ 34,616,275	\$ (235,184,096)	\$ (23,748,935)
Issue of shares	61,341,429	17,124,720	-	-	-	17,124,720
Exercise of options	841,666	253,625	-	(86,542)	-	167,083
Issuance of interest shares	6,351,975	2,063,530	-	-	-	2,063,530
Issue of warrants	-	-	2,271,630	-	-	2,271,630
Flow-through share premium	-	(1,439,203)	-	-	-	(1,439,203)
Share-based compensation	-	-	-	813,510	-	813,510
Net loss for the year	-	-	-	-	(9,980,165)	(9,980,165)
Balance, December 31, 2016	324,392,693	\$ 194,758,699	\$ 2,334,489	\$ 35,343,243	\$ (245,164,261)	\$ (12,727,830)
	Common Shares	Capital Stock	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2016	324,392,693	\$ 194,758,699	\$ 2,334,489	\$ 35,343,243	\$ (245,164,261)	\$ (12,727,830)
Issue of shares (Note 12b)	12,856,381	4,084,106	-	-	-	4,084,106
Exercise of options	1,500,000	497,000	-	(172,000)	-	325,000
Exercise of warrants	729,359	273,678	(22,685)	-	-	250,993
Expiry of warrants (Note 12d)	-	-	(106,070)	106,070	-	-
Issuance of interest shares (Note 10,12b)	5,583,228	1,567,740	-	-	-	1,567,740
Share-based compensation (Note 12c,e)	-	-	-	1,002,145	-	1,002,145
Net loss for the year	-	-	-	-	(15,722,001)	(15,722,001)
Balance, December 31, 2017	345,061,661	\$ 201,181,223	\$ 2,205,734	\$ 36,279,458	\$ (260,886,262)	\$ (21,219,847)



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, 2017	December 31, 2016
Operating activities			
Net loss for the year		\$ (15,722,001)	\$ (9,980,165)
Amortization		336,957	391,388
Share-based compensation	12c,e	1,002,145	813,510
Accretion expense		4,674,342	3,313,630
Flow-Through share premium		(1,088,961)	(909,291)
Issuance of interest and extension fees shares		1,567,740	2,126,717
Re-measurement of repayment option		(98,012)	(6,952,319)
Settlement of embedded derivative		-	133,972
Accrued interest on long term debt	10b	2,617,618	2,494,491
Loss on loan extinguishment		-	2,919,571
Write off Cliff's remediation		-	(22,500)
Gain on sale of mineral property		(100,000)	-
Gain on sale of royalty		-	(2,057,046)
Unrealized foreign exchange gain		(3,244,729)	(1,279,305)
Net change in non-cash working capital:			
Taxes and other receivables		68,767	145,402
Supplies inventory		144,199	(90,993)
Prepaid expenses		(1,922)	83,804
Accounts payable and accrued liabilities		(362,389)	(451,711)
Flow-Through share proceeds on sale of tax benefits		739,120	1,439,203
Net cash used in operating activities		\$ (9,467,126)	\$ (7,881,642)
Investing activities			
Acquisition of mineral properties including transaction costs		-	(545,175)
Acquisition of equipment		-	(30,151)
Proceeds on sale of mineral properties		50,000	-
Proceeds on sale of royalties, net of costs		-	621,099
Net cash provided by investing activities		\$ 50,000	\$ 45,773
Financing activities			
Prospectus equity issuance, net of costs and sale of tax benefits		-	12,280,568
Private placement, net of costs and sale of tax benefits		4,084,106	4,463,505
Proceeds from exercise of options		325,000	167,083
Proceeds from exercise of warrants		250,993	-
Loan facility, net of costs		-	(254,518)
Long term loan, net of costs		-	(22,778)
Settlement of embedded derivative		-	(408,720)
Finance lease		-	(1,990)
Net cash provided by financing activities		\$ 4,660,099	\$ 16,223,150
Change in cash and cash equivalents		\$ (4,757,027)	\$ 8,387,281
Effect of foreign exchange rates on cash and cash equivalents		(1,242)	(6,501)
Cash and cash equivalents, beginning of period		11,480,077	3,099,297
Cash and cash equivalents, end of period		\$ 6,721,808	\$ 11,480,077



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 years ended December 31, 2017 and December 31, 2016

1. Nature of Business and Going Concern

Noront Resources Ltd. (the "Company" or "Noront") is a resource Company listed on tier 1 of the TSX Venture Exchange ("TSX-V") involved in the exploration, development and acquisition of properties prospective in base and precious metals, including: nickel, copper, platinum group metals, precious metals, chromite, and vanadium. The Company's assets consist of its flagship Eagle's Nest nickel-copper-platinum-palladium deposit, deposits of high grade chromite and copper-zinc volcanic massive sulphide (VMS) deposits which are part of the Company's McFauld's Lake Project. The assets are located primarily in the area known as the Ring of Fire ("ROF") in the James Bay Lowlands, Ontario. Eagle's Nest is the Company's most advanced mining project in the ROF and is the first of several mineral discoveries that have been made since 2007. The address of Noront's head office is 212 King Street West, Suite 501, Toronto, ON, Canada, M5H 1K5.

The Company is a development stage entity that does not generate operating revenues and has limited financial resources. The Company is subject to risks and challenges similar to companies in a comparable stage of development. These risks include the availability of capital and risks inherent in the mining industry related to development, exploration and operations as well as global economic and commodity price volatility. The underlying value of the Company's mineral properties and the recoverability of the related capitalized costs are entirely dependent on the Company's ability either to obtain the necessary permits to operate and secure the required financing to complete development of and establish future profitable production from its mineral assets, or the proceeds from the disposition of its mineral properties.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board on a going concern basis, which assumes the Company will be able to meet its obligations and continue its operations for the next twelve months from December 31, 2017. At December 31, 2017, the Company had not yet achieved profitable operations, had an accumulated deficit of \$260.9 million since inception (December 31, 2016, – \$245.2 million) and expects to incur further losses in the development of its business, and had a net working capital deficit of \$12.4 million as a result of the \$18.3 million convertible loan facility which is due on June 30, 2018. Net working capital includes all current assets and current liabilities, excluding the non-cash repayment option of \$2.0 million and the flow-through share liability of \$0.5 million. The Company also has a flow-through commitment to spend \$2.3 million on Canadian Exploration Expenditures by December 31, 2018. The Company will need to raise funds, negotiate an extension on the terms of its convertible loan facility or the holder has to convert the loan to equity as it does not have the cash nor cash flow to repay the facility.

The Company's ability to continue as a going concern is dependent upon its ability to repay or refinance its short term and long term debt facilities, obtain the necessary financing to meet its ongoing corporate overhead expenditures as well as advance the exploration of its claims and development of its projects in the Ring of Fire. During the year ended December 31, 2017 the Company negotiated an extension on the terms of its convertible loan facility. The maturity date has been extended to June 30, 2018. The Company also completed a private placement of flow-through shares with gross proceeds of \$3.7 million and a private placement of common shares with gross proceeds of \$1.3 million. Although the Company has been successful in the past in refinancing its debt and obtaining financing, there is no assurance that it will be able to do so in the future or that such arrangements will be on terms advantageous to the Company. These material uncertainties cast significant doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Preparation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements have been prepared on a going concern basis, under historical cost convention, except for certain financial instruments that have been measured at fair value. The principal accounting policies and critical estimate and judgments, used when compiling these consolidated financial statements are set out below. These consolidated financial statements were approved by the Board of Directors on April 17, 2018.

Noront Resources Ltd.
 Notes to Consolidated Financial Statements
 (Expressed in Canadian dollars, unless otherwise noted)
 For the years ended December 31, 2017 and December 31, 2016

3. Significant Accounting Policies

a) Principles of Consolidation

These consolidated financial statements include the accounts of Noront Resources Ltd. and its wholly-owned subsidiaries, Noront Resources 2008 Ltd., Noront Mexico S.A de C.V. and Noront Muketei Minerals Ltd. (NMM). NMM was formed as result of the acquisition of chromite assets. All intercompany balances and transactions have been eliminated upon consolidation.

b) Functional and Presentation Currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"), which was determined to be Canadian dollars for all entities 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, investments, embedded derivatives, accounts payable and accrued liabilities, loan facilities and related repayment option.

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.

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

The three levels of fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data

The repayment option is measured at fair value and classified as Level 2 (Note 10c).

Investments are classified as Level 3.

Noront Resources Ltd.
 Notes to Consolidated Financial Statements
 (Expressed in Canadian dollars, unless otherwise noted)
 For the years ended December 31, 2017 and December 31, 2016

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

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) Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment loss. Amortization is provided over the related assets' estimated useful lives using the following methods and annual rates:

Equipment	20% - 30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	20% declining balance

h) Mineral Properties, Development and Exploration Expenditures

Mineral property acquisition costs are capitalized and the balance is written off should the property be disproven by exploration or abandoned. These assets are recorded at cost. The carrying value of these assets is dependent, among other things upon: the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties. The assets are evaluated each quarter for indications of impairment or when events occur that would require assessment.

Where the Company considers that there is an impairment indicator such as significant decrease in resource and reserve estimates, expiration or permanent cancellation of rights, impairment is assessed and if necessary, recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to dispose or value in use. An impairment loss is recognized whenever the carrying amount of these assets or its cash generating unit (which is the property) exceeds its recoverable amount. Impairment losses are recorded in the consolidated statement of net loss.

Development and exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Development expenditures are the costs related to the technical, environmental, permitting and consultation in support of the Company's pre-development work.

All development and exploration expenditures are expensed as incurred. Development and exploration expenditures will be capitalized when management determines that future economic benefits will be generated as a result of the expenditures.

Noront Resources Ltd.
 Notes to Consolidated Financial Statements
 (Expressed in Canadian dollars, unless otherwise noted)
 For the years ended December 31, 2017 and December 31, 2016

3. Significant Accounting Policies (Continued)

i) Sale of Royalties on a Mineral Property

The sale of royalties on a mineral property are recorded as a reduction in the carrying value of the mineral property. Any excess proceeds on the sale of royalties over the carrying value of the mineral property are recorded as a gain on sale of royalties and reflected on the statement of loss and comprehensive loss. The reduction in the carrying value of the mineral property or the gain on sale of royalties is recorded net of transaction costs.

j) Leases

Leases of property, plant and equipment are classified as finance leases when the lessee retains substantially all of the risks and rewards of ownership. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Finance leases are capitalized at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding lease obligations, net of finance charges, are recorded as interest-bearing liabilities. Each lease payment is allocated between liability and finance cost when paid.

k) Provision for Environmental Obligations

Both legal and constructive obligations associated with the retirement of long-lived assets are recorded as a provision for environmental expenditure when there is a probability of an outflow of resources embodying economic benefits to settle the obligation. The amount of the provision is measured at the best estimate of the expenditure needed to settle the present obligation. It is possible that the Company's estimates of its provision for environmental expenditure could change as a result of changes in regulations, the extent of environmental remediation required and the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period these estimates are revised.

Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, the Company's environmental policies which give rise to constructive obligations. The cash flows are discounted using the current real risk-free pre-tax discount rate.

l) Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. The Company's joint ventures consist of jointly controlled assets ("JCAs"). The balances related to JCA's are not material.

A JCA is a joint venture in which the venturers have joint control and ownership over the assets contributed to or acquired for the purposes of the joint venture. JCAs do not involve the establishment of a corporation, partnership or other entity. The participants in a JCA derive benefit from the joint activity through a share of production and bears an agreed share of expenses incurred as opposed to receiving a share of the net operating results. The Company's proportionate interest in the assets, liabilities, expenses, and cash flows of the JCAs are incorporated into the consolidated financial statements under the appropriate headings.

m) Loss per Common Share

The basic loss per share is calculated based upon the weighted-average number of common shares outstanding during the period. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.



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 years ended December 31, 2017 and December 31, 2016

3. Significant Accounting Policies (Continued)

n) Share-based Compensation

The Company grants stock options, performance share units and restricted share units to certain employees and non-employees under the terms of the Company's Stock Option Plan or Share Awards Plan.

Stock options: Each tranche in an option award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires estimates for the expected life of options and stock price volatility which can materially affect the fair value estimate. Volatility and expected life of option is estimated based on an analysis of factors such as the Company's historical price trends, history of option holder activity, and peer and industry benchmarks for similar transactions.

Performance share units: The fair value of each tranche is measured at the date of grant using a method incorporating the current market value of the underlying common shares, the performance conditions and the vesting provisions.

Restricted share units: The fair value of restricted share units are based on the terms of the individual tranche incorporating the market price of the underlying common shares and vesting terms.

Share-based compensation expense is recognized over the vesting period of the grant by increasing contributed surplus based on the number of awards expected to vest. This number is reviewed at least annually, with any change in estimate recognized immediately in share-based compensation expense with a corresponding adjustment to contributed surplus.

o) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying values of assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be used.

The determination of the ability of the Company to use tax loss carry-forwards to offset deferred tax payable involves judgment and certain assumptions about the future performance of the Company. Assessment is required about whether it is "probable" that the Company will benefit from the prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of using the losses.

p) Flow-through Shares

The Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the flow-through common shares are offered. The allocation is made based on the difference ("premium") between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors and is then derecognized in the period the eligible expenditures are incurred, which is recorded in the consolidated statement of loss.

q) Segment Disclosure

The Company's chief operating decision maker is responsible for allocating resources and assessing performance of the operations according to strategic decisions. The Company's operations comprise of a reporting segment engaged in the exploration and development of minerals in Canada.



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 years ended December 31, 2017 and December 31, 2016

3. Significant Accounting Policies (Continued)

New and Amended Standards Adopted by the Company

The following standard was effective and implemented as of January 1, 2017. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting the new standard.

Disclosure Initiative - Amendments to IAS 7 Statement of Cash Flows

The Company has adopted the amendments to IAS 7 Statement of Cash Flows, in its year-ended December 31, 2017 financial statements. On first application, the Company is not required to provide comparative information in respect of preceding periods.

The amendment requires disclosure of changes in financial liabilities and financial assets arising from financing activities. These are liabilities and assets for which cash flows were, or future cash flows will be, classified in the statement of cash flows from financing activities. The adopted standard has no material impact as the Company had previously disclosed the changes in its financial liabilities.

r) New Accounting Standards Issued But Not Yet Applied

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and introduces a new impairment model for financial assets. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement.

The Company will adopt IFRS 9 on January 1, 2018. The Company is completing its assessment of the impact of IFRS 9 on the consolidated financial statements. A summary of these impacts is provided below.

The Company intends to apply the irrevocable election available under IFRS 9 to designate equity investments as financial assets at fair value through other comprehensive income. This election will be applied to all equity investments held upon adoption. No adjustment is expected as a result of this election.

The Company has determined that the classification of certain other financial assets will change conform to the revised model for classifying financial assets; however, there will be no impact on the recognition or measurement of the Company's other financial assets.

The new impairment model applies a forward-looking credit loss model. The adoption of the expected credit loss model is not expected to have a significant impact on the Company's financial statements.

For the Company's financial liabilities, there is not expected to be any significant impact on classification. The adoption of IFRS 9 is not expected to impact the measurement of the Loan Facility due to Franco-Nevada or the Repayment option associated with the Company's Loan Facility due to RCF. However, the measurement of the Loan Facility due to RCF will be impacted by the adoption of IFRS 9 because the accounting for the amendment of the facility in October 2017 will change on adoption.

The amendment of the Loan Facility with RCF in October 2017 was a non-substantial modification of the loan facility under both IAS 39 and IFRS 9. Under IAS 39, there is no amount recorded in the statement of loss on the date of modification; however under IFRS 9 when a financial liability at amortized cost is modified, and such modification does not result in de-recognition, the carrying value of the financial liability is adjusted to reflect the amended cash flows discounted at the original effective interest rate. This adjustment is recorded in the statement of loss. On transition from IAS 39 to IFRS 9 as at January 1, 2018, the Company will be required to make an adjustment to reduce the carrying value of the Loan Facility with RCF by \$0.9 million, with a corresponding reduction in Deficit.

The Company does not apply hedge accounting.



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 years ended December 31, 2017 and December 31, 2016

3. Significant Accounting Policies (Continued)

r) New Accounting Standards Issued But Not Yet Applied (Continued)

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Company's operating leases. The Company's non-cancellable operating lease commitments as at reporting date are disclosed in Note 16. The Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date.

s) Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate, but are not limited to, the following:

Mineral Properties

Noront capitalizes mining property acquisition costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. On an ongoing basis, the Company evaluates deferred expenditures relating to each property to assess whether there has been impairment in value. The Company recognizes write-downs for impairment where the carrying value of the mining property exceeds its estimated long term net recoverable value. Recoverable value is estimated based upon the Company's assessment of the future probability of positive cash flows from the property, current exploration results for properties without a defined resource or estimated proceeds from a potential sale of the property.



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 years ended December 31, 2017 and December 31, 2016

3. Significant Accounting Policies (Continued)

s) Critical Accounting Estimates and Judgments

Provision for Environmental Obligations

The Company has a provision for future environmental obligations. The Company records the fair value of this provision as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The fair value of the provision is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. Subsequent to the initial measurement of the provision for environmental obligation, the provision is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the provision. If the provision is settled for other than its carrying amount, the Company will recognize a gain or loss on settlement.

Stock Options, Warrants

The Black-Scholes option valuation model used by the Company to determine fair values for stock-based compensation was developed for use in estimating the fair value of freely traded options. This model requires input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

Repayment Option

The Company's convertible debt agreement contains an embedded derivative related to the Lender's convertible feature ("Repayment Option"). The fair value assigned to the Repayment Option uses level 2 assumptions with the main inputs to the valuation being credit spread of the Company, historical prices of the underlying stock, USD discount curve and CAD/USD foreign exchange rates. The most significant assumption regarding the lender's convertible feature is the probability of the loan being repaid prior to reaching the conversion date. This was estimated by obtaining credit spreads for an index of comparable companies residing in the same industry, which has an impact on the probability that the bridge loan will be repaid at maturity. Refer to Note 10c for further information on the Repayment Option.

Loan Facility and Royalty Interests

The Company granted royalty interests on the mineral claims it acquired through the acquisition of certain subsidiary companies of Cliffs Natural Resources (the "Royalty Interests"). These Royalty Interests are over potential future projects which have not yet been defined. As a result, the Company has determined the fair value of the Royalty Interests by estimating the fair value of the consideration received. The Company received what management considers to be a below market loan as consideration for the royalty interests. Management estimated the fair value of the Royalty Interests by calculating the difference between the present value of the future payment stream using management's estimate of a market interest rate of approximately 15% and the face value of the loan being USD\$25 million and the stated interest rate of the loan (7%). The loan was also initially recorded at its fair value as determined by the above fair value calculation. See note 10(b).



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 years ended December 31, 2017 and December 31, 2016

4. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its capital stock, warrant, and option components of its shareholders' equity.

The properties in which the Company currently has an interest are in the early development and early exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned development activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

- i) minimizing discretionary disbursements;
- ii) reducing or eliminating expenditures which are of limited strategic value; and
- iii) exploring alternative sources of liquidity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2017. The Company is not subject to externally imposed capital requirements.

5. Property and Financial Risk Factors

a) Property Risk

The Company's major mineral property is the McFauld's Lake Property in the "Ring of Fire" (Note 8). Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon its existing property. Any adverse development affecting the Company's major mineral property would have a materially adverse effect on the Company's financial condition and results of operations.

b) Financial Risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.



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

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5. Property and Financial Risk Factors (Continued)

b) Financial Risk

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, 2017, the Company had cash and cash equivalents and taxes receivable balances of \$6,782,801 (December 31, 2016 - \$11,609,837) to settle current liabilities of \$21,853,835 (December 31, 2016 - \$21,529,529) which includes a loan facility of \$18,292,595 and a repayment option of \$2,046,359. The loan is convertible into equity with a conversion price of \$0.34 per share at the option of RCF anytime prior to June 30, 2018. All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company remains dependent upon financing from capital markets, RCF converting its loan facility to equity or the Company's ability to repay or refinance the convertible loan (see Note 1).

Market Risk

Market risk is the risk of loss that might arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest Rate Risk

The Company has cash balances and a loan facility with a fixed interest rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates and deposit accounts managed by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

ii) Foreign Currency Risk

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

At December 31, 2017, the Company had monetary assets and liabilities denominated in U.S. dollars as follows:

	December 31, 2017	December 31, 2016
Cash	US \$ 14,072	\$ 79,001
Loan Facilities	US (39,789,961)	(36,873,749)
	US \$ (39,775,889)	\$ (36,794,748)

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.



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5. Property and Financial Risk Factors (Continued)

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, 2017 (December 31, 2016 - \$0.4 million).
- ii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of minerals may be produced in the future, a profitable market will exist for them. As of December 31, 2017, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of:	December 31, 2017	December 31, 2016
Cash deposits and restricted cash	\$ 6,621,299	\$ 11,376,173
Guaranteed investment certificate	100,509	103,904
	\$ 6,721,808	\$ 11,480,077

Restricted cash consists of \$51,435, which is money held in trust for donations to First Nation communities.



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7. **Equipment**

December 31, 2017	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	\$ 4,825,892	\$ 115,027	\$ 200,287	\$ 5,141,206
Accumulated Amortization	(3,424,971)	(101,836)	(186,616)	(3,713,423)
Closing Net Book Value	\$ 1,400,921	\$ 13,191	\$ 13,671	\$ 1,427,783
Opening Net Book Value	\$ 1,581,115	\$ 16,489	\$ 17,088	\$ 1,614,692
Re-measurement of provision ²	150,048	-	-	150,048
Amortization	(330,242)	(3,298)	(3,417)	(336,957)
Closing Net Book Value	\$ 1,400,921	\$ 13,191	\$ 13,671	\$ 1,427,783
December 31, 2016	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	\$ 4,675,842	\$ 115,027	\$ 200,287	\$ 4,991,156
Accumulated Amortization	(3,094,727)	(98,538)	(183,199)	(3,376,464)
Closing Net Book Value	\$ 1,581,115	\$ 16,489	\$ 17,088	\$ 1,614,692
Opening Net Book Value	\$ 1,797,652	\$ 20,611	\$ 21,360	\$ 1,839,623
Additions ¹	234,509	-	-	234,509
Re-measurement of provision ²	(68,050)	-	-	(68,050)
Amortization	(382,996)	(4,122)	(4,272)	(391,390)
Closing Net Book Value	\$ 1,581,115	\$ 16,489	\$ 17,088	\$ 1,614,692

¹Included in additions for the year ended December 31, 2016 is \$204,357 relating to the Butler Lake asset retirement obligation.

²A re-measurement of the McFauld's Lake and Butler Lake property asset retirement obligations was recognized due to changes in the estimated future cash flows and discount rate used to calculate the obligation as further described in Note 11.



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8. Mineral Properties

	December 31, 2017	December 31, 2016
(i) <u>McFauld's Lake Property - "Ring of Fire", James Bay Lowlands, Northeastern Ontario</u>		
Opening balance	24,654,708	\$ 26,092,812
Sale of 1% NSR royalty to RCF	-	(1,438,104)
	24,654,708	24,654,708
(ii) <u>Butler and Sanderson Properties - "Ring of Fire", James Bay Lowlands, Northeastern Ontario</u>		
Opening balance	763,357	-
Acquisition of mineral assets	-	750,000
Acquisition costs	-	13,357
Sale of 1% NSR royalty to RCF	763,357	763,357
	\$ 25,418,065	\$ 25,418,065

Big Daddy, Black Thor, Black Label and Other Properties

On April 28, 2015, the Company acquired mineral properties including the Black Thor, Big Daddy and Black Label chromite deposits, the McFauld's Lake volcanic massive sulphide (VMS) deposits and other various claims for USD\$27.3 million (CAD\$32.9 million). The value of the royalties granted against these properties reduced the amount capitalized. The Company has granted the following royalties to Franco Nevada Corporation ("Franco Nevada"):

- a) 2% Gross Smelter Royalty (GSR) on all of the Company's chromite properties, except for Black Thor for which there is a 3% GSR and the Big Daddy deposit which is not subject to a royalty.
- b) 2% NSR over all other minerals of the Company's properties, excluding the Company's Eagle's Nest deposit and its McFauld's Lake VMS deposit.

McFauld's Lake

Eagle's Nest, Nickel, Copper, PGM Deposit

Condor/Greenstone retains a 1% Net Smelter Royalty (NSR) on the Eagle's Nest nickel, copper, PGM deposit which may be purchased by the Company at any time upon payment of the sum of \$500,000 and/or at the Company's option, issuance of an equivalent number of common shares of the Company.

In addition, on January 14, 2016 the Company closed the sale of a 1% NSR over the Eagle's Nest deposit to RCF for a sum of US\$2.5 million. The agreement contains a buy back provision whereby Noront can repurchase 50% of the royalty for US\$3.1 million for a period of 30 months from closing. The proceeds from this transaction were used to extinguish the US\$2.0 million bridge loan payable to RCF and for working capital. The sale of the royalty was recorded as a reduction in the carrying value of mineral property to the extent of previously capitalized acquisition costs for the Eagle's Nest deposit (\$1.4 million) and the remaining proceeds, net of transaction costs, was recorded as a gain on sale of royalty as reflected in the statement of income (loss) in the amount of \$2.1 million.



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8. Mineral Properties (Continued)

Butler and Sanderson Properties

On August 24, 2016 the Company issued common shares with a value of \$750,000 to MacDonald Mines Ltd. ("MacDonald") for a 75% interest in its Ring of Fire properties including its flagship Butler and Sanderson Properties. MacDonald will have a 25% carried interest until the issuance of a NI 43-101 compliant resource on one of the properties, at which time MacDonald will have the option to convert the carried interest into a 1% NSR (the Conversion Right). If MacDonald does not elect to exercise its conversion right, the Company can elect to buy back MacDonald's 25% interest for \$3 million (the Buy-back Right), payable in cash or shares at the option of the Company. If neither the Conversion Right nor Buy-back Right are exercised, a Joint Venture arrangement will be formed between the parties to develop the properties. There is a 2% NSR over six claims which comprise part of the Butler Property held by third parties.

9. Accounts Payable and Accrued Liabilities

		December 31, 2017	December 31, 2016
Accounts payable		\$ 97,646	\$ 395,735
Accrued liabilities		525,244	598,493
Accrued interest payable	10(a)(ii)	377,130	403,230
Payable - Other		51,435	-
		\$ 1,051,455	\$ 1,397,458

10. Loan Facilities

		December 31, 2017	December 31, 2016
Current portion of loan facilities			
Debt agreement with related party - February 26, 2013 (a)(i)		\$ 18,292,595	\$ 17,174,433
Repayment option (c)		2,046,359	2,144,371
		20,338,954	19,318,804
Long term portion of loan facilities			
Long term loan (b)		31,622,186	28,750,976
		\$ 51,961,140	\$ 48,069,780

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

- (i) On February 26, 2013, the Company entered into a loan facility with Resource Capital Funds V L.P. ("RCF" or "the Lender"), which as of December 31, 2017 owns approximately 20.13% of the Company's common shares, in the aggregate principal amount of US\$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 which was then extended to June 30, 2016.

On June 30, 2016 the Company entered into an amending agreement with the Lender to extend the terms of the Convertible Loan. The Convertible Loan was extended to December 31, 2017. The Convertible Loan may be converted into common shares of the Company at the option of RCF at a price of \$0.34 cents per share (previously \$0.45 cents per share) at any time prior to December 31, 2017 (the "Conversion Rights"). An extension fee of 2% of the principal amount of the Convertible Loan was paid to RCF in common shares of the Company with such shares valued using the volume weighted average trading price for the twenty days prior to June 30, 2016 (the "Extension Fee Shares"). All other terms and conditions of the Convertible Loan remained the same.



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10. Loan Facilities (Continued)

As the terms of the amendment to the Convertible Loan were substantially different from the terms of the then existing Convertible Loan, the amendment was considered to be an extinguishment of the debt. As a result, a loss on debt extinguishment of \$3.3 million was recorded for the difference between the carrying value of the Convertible Loan at the date of the amendment and the fair value of the cash flows under the amended terms. This loss on debt extinguishment includes the extension fee for the amendment.

On October 4, 2017 the Company entered into a third amended agreement with the Lender to extend the terms of the Convertible Loan to June 30, 2018. All other terms and conditions of the Convertible Loan remain the same.

The Company has determined that the new extended terms of the Convertible Loan represent a non-substantial modification of the existing loan facility and therefore the amendment is treated as a loan modification in these consolidated financial statements. The Convertible Loan is carried at amortized cost.

Original loan facility	December 31, 2017	December 31, 2016
Balance, beginning of period	\$ -	\$ 20,760,001
Foreign exchange (gain) loss	-	(1,384,500)
Extinguishment of Loan	-	(19,375,501)
Balance, end of period	\$ -	\$ -
Amended loan facility	December 31, 2017	December 31, 2016
Beginning balance	17,174,433	\$ 15,337,322
Foreign exchange (gain) loss	(1,195,260)	652,340
Transaction costs - cash	(16,388)	-
Accretion of loan facility	2,329,810	1,184,771
Balance, end of period	\$ 18,292,595	\$ 17,174,433



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10. Loan Facilities (Continued)

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

On January 13, 2017, the Company satisfied the payment of interest of \$403,230 for the fourth quarter of 2016 through issuance of 1,636,383 common shares of the Company. The Interest Shares were subject to a four month hold period, which expired on May 14, 2017.

On April 10, 2017, the Company satisfied the payment of interest of \$400,230 for the first quarter of 2017 through issuance of 1,682,346 common shares of the Company. The Interest Shares were subject to a four month hold period, which expired on August 11, 2017.

On July 13, 2017, the Company satisfied the payment of interest of \$390,120 for the second quarter of 2017 through issuance of 1,103,593 common shares of the Company. The interest Shares were subject to a four month hold period, which expired on November 14, 2017.

On October 11, 2017, the Company satisfied the payment of interest of \$374,160 through issuance of 1,160,906 common shares of the Company. The Interest Shares were subject to a four month hold period, which expired on February 12, 2018.

As at December 31, 2017, the Company accrued interest in the amount of \$377,130 for the fourth quarter of 2017. On January 25, 2018, the Company satisfied the payment of interest of \$377,130 through issuance of 1,214,981 common shares of the Company. The Interest Shares are subject to a four month hold period, which expires on May 26, 2018.

b) Loan Facilities - Due to Franco-Nevada Corporation

On April 28, 2015, Noront Muketel 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 in the Cliffs transaction with limited recourse to the parent Company. At initial recognition, the Long Term Loan was recorded at fair value less transaction costs at a value of \$19.7 million. Subsequent to initial recognition, the Long Term Loan is carried at amortized cost.

In connection with the Long Term Loan, the Company granted Franco-Nevada certain royalties over the mineral properties acquired through the Cliffs Transaction (see Note 8 - Mineral Properties).

	December 31, 2017	December 31, 2016
Balance, beginning of period	\$ 28,750,976	\$ 24,842,032
Foreign exchange gain	(2,050,710)	(680,549)
Accrued loan interest	2,617,618	2,494,491
Accretion of loan facility	2,304,302	2,095,002
Balance, end of period	\$ 31,622,186	\$ 28,750,976



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10. Loan Facilities (Continued)

c) Repayment Option

The Company's convertible debt agreement contains an embedded derivative related to the Lender's convertible feature ("Repayment Option"). The fair value assigned to the 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.

The fair value of the convertible feature under the terms of the Company's convertible debt agreement prior to amendment declined to \$NIL as at June 30, 2016 when the convertible feature was due to expire. This resulted in a gain on the re-measurement of the convertible feature of \$2.2 million which was recognized in the consolidated statement of loss. Upon extinguishment of the liability for the pre-amendment convertible debt agreement and recognition of a new liability under the terms of the amended convertible debt agreement, the Company extinguished the pre-amendment conversion feature with a carrying value of \$NIL.

At December 31, 2017, the fair value attributed to the convertible feature was \$2,046,359 (December 31, 2016 - \$2,144,371).

11. Provision for Environmental Obligations

McFauld's Lake and Butler Lake

The Company has established a provision of \$1,652,245 and \$200,065 representing the estimated present value of its future environmental expenditure for McFauld's Lake and Butler Lake respectively. These costs are not expected to be incurred within the next twelve months.

The provision is based upon the following estimates and assumptions:

- a) Total undiscounted future demobilization cost is \$2,013,258 for McFaulds Lake (December 31, 2016 - \$1,787,655) and \$243,788 for Butler Lake (December 31, 2016 - \$238,346).
- b) Nominal risk-free pre-tax discount rate of 2.22% (December 31, 2016 - 2.21%)
- c) Demobilization cost expected to be incurred in 10 years (December 31, 2016 - 10 years)

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

	December 31, 2017	December 31, 2016
Balance, beginning of period	\$ 1,662,031	\$ 1,491,868
Butler Lake provision addition	-	204,357
Accretion expense for the period	40,231	33,856
Re-measurement of provision	150,048	(68,050)
Balance, December 31, 2017	\$ 1,852,310	\$ 1,662,031



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

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12. Capital Stock

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

(b) Issued

	Number of Shares	Value
Balance, January 1, 2016	255,857,623	\$ 176,756,027
Prospectus offering, net of costs	41,213,930	13,026,224
Private placement, net of costs	16,328,833	5,131,832
Flow-through share premium	-	(1,439,203)
Issue of shares	3,798,666	1,245,289
Warrant allocation	-	(2,278,625)
Issue of interest shares	6,351,975	2,063,530
Exercise of options	841,666	253,625
Balance, December 31, 2016	324,392,693	\$ 194,758,699
Private placement, net of costs	3,400,000	1,246,029
Issue of flow-through shares, net of costs	9,456,381	3,577,197
Flow through share premium	-	(739,120)
Issue of interest shares (Note 10(a))	5,583,228	1,567,740
Exercise of options	1,500,000	497,000
Exercise of warrants	729,359	273,678
Balance, December 31, 2017	345,061,661	\$ 201,181,223

On September 15, 2017, the Company closed a private placement financing raising total gross proceeds of \$3.7 million (net proceeds after transaction costs and flow-through share premium - \$2.8 million) through the issuance of 9,239,000 flow-through shares at a price of \$0.40 per flow-through share. In connection with the offering, the agents received a cash finders' fee equal to 5% of the gross proceeds up to \$2.5 million and a finder's fee paid in shares, of 6% of the gross proceeds in excess of \$2.5 million. 217,381 common flow-through shares were issued at a price of \$0.33 per common share in satisfaction of the share component of the finder's fee. The flow-through shares are subject to a statutory hold period of four months and one day which expired on January 16, 2018.

On October 12, 2017, the Company closed a private placement of 3,400,000 common shares at a price of \$0.3675 per share with RCF, the Company's largest shareholder, for gross proceeds of \$1.3 million (net proceeds after transaction costs - \$1.2 million). The common shares are subject to a statutory hold period of four months and one day which expired on February 13, 2018.



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12. Capital Stock (continued)

(c) Stock Options

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

For the year ended December 31, 2017, share-based compensation of \$810,224 was charged to net income (December 31, 2016 - \$668,809).

- (i) On February 24, 2017, the Company granted 5,003,417 incentive stock options to directors and employees of the Company at an exercise price of \$0.25. The share price on February 24, 2017 was \$0.25.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	69.06%
Risk free interest rate	0.72%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of \$710,485.

- (ii) On April 7, 2017, the Company granted 600,000 incentive stock options to directors of the Company at an exercise price of \$0.23. The share price on April 7, 2017 was \$0.23.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	68.82%
Risk free interest rate	0.76%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of \$78,000.

- (iii) On June 7, 2017, the Company granted 600,000 incentive stock options to directors of the Company at an exercise price of \$0.35. The share price on June 7, 2017 was \$0.35.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	70.52%
Risk free interest rate	0.71%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of \$121,200.

- (iv) On November 14, 2017, the Company granted 400,000 incentive stock options to employees of the Company at an exercise price of \$0.28. The share price on November 14, 2017 was \$0.28. The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	69.97%
Risk free interest rate	1.44%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of \$63,600.



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12. 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, 2017 are as follows:

Number of Stock Options Outstanding	Black-Scholes Value	Exercise Price	Remaining Contractual Life (Years)	Number of Stock Options Exercisable	Expiry Date
1,216,667	164,250	\$ 0.25	0.52	1,216,667	July 2018
1,500,000	202,500	\$ 0.25	0.52	1,500,000	July 2018
3,000,000	450,000	\$ 0.30	0.75	3,000,000	October 2018
1,271,667	108,092	\$ 0.17	0.95	1,271,667	December 2018
400,000	34,000	\$ 0.17	0.95	400,000	December 2018
925,000	285,825	\$ 0.55	2.25	925,000	March 2020
1,500,000	367,500	\$ 0.44	2.47	1,500,000	June 2020
300,000	59,100	\$ 0.35	2.65	200,000	August 2020
1,608,333	313,625	\$ 0.34	3.23	1,072,222	March 2021
400,000	76,000	\$ 0.33	3.49	266,667	April 2021
416,253	74,509	\$ 0.31	4.52	416,253	July 2021
4,403,417	625,285	\$ 0.25	4.16	2,626,289	February 2022
300,000	39,000	\$ 0.23	4.27	100,000	April 2022
600,000	121,200	\$ 0.35	4.44	200,000	June 2022
400,000	63,600	\$ 0.28	4.88	133,333	November 2022
18,241,337	\$ 2,984,486	\$ 0.30	2.41	14,828,098	

The following table summarizes the stock option transactions for the year ended December 31, 2017.

	Number of Options	Weighted-Average Exercise Price
December 31, 2016	16,904,587	\$0.32
Granted	6,603,417	\$0.26
Exercised	(1,500,000)	\$0.22
Expired	(2,866,667)	\$0.37
Forfeited	(900,000)	\$0.28
Balance, December 31, 2017	18,241,337	\$0.30



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

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12. Capital Stock (Continued)

(d) Warrants

The following table lists the Company's warrants as at December 31, 2017.

	Number of Warrants	Weighted-Average Exercise Price
At December 31, 2016		
Prospectus and Private Placement Warrants	42,877,949	\$ 0.45
Compensation Warrants	2,828,407	\$ 0.38
Balance, December 31, 2016		
Exercise of Warrants	(729,359)	\$ 0.34
Expiry of Warrants	(2,964,719)	\$ 0.41
Balance, December 31, 2017		
	42,012,278	\$ 0.45

On March 17, 2016, 15,730,446 warrants were issued as a result of the prospectus and 2,183,334 warrants were issued as a result of the private placement including compensation warrants. On September 23, 2016, 23,338,789 warrants were issued as a result of the prospectus and 3,000,000 warrants were issued as a result of the private placement including compensation warrants.

The fair value of the warrants was calculated using the following assumptions:

Warrants issued under March prospectus

Expected volatility	40%
Risk free interest rate	0.58%
Expected life	3 Years

Warrants issued to agents

Expected volatility	40%
Risk free interest rate	0.58%
Expected life	1 Year

Warrants issued under March private placement

Expected volatility	40%
Risk free interest rate	0.56%
Expected life	3 Years

Warrants issued under September prospectus

Expected volatility	50%
Risk free interest rate	0.52%
Expected life	3 Years

Warrants issued to agents

Expected volatility	50%
Risk free interest rate	0.52%
Expected life	1 Year

Warrants issued under September private placement

Expected volatility	50%
Risk free interest rate	0.51%
Expected life	3 Years



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12. Capital Stock (Continued)

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

For the year ended December 31, 2017, share-based compensation of \$191,921 was charged to net income for PSUs and RSUs (year ended December 31, 2016 - \$144,701).

The following tables list the Company's PSUs and RSUs as at December 31, 2017. During the year ended December 31, 2017, no PSUs or RSUs expired.

Performance Share Units	Number of PSUs	Fair Value
At December 31, 2017 and December 31, 2016	3,000,000	\$ 455,095

Restricted Share Units	Number of RSUs	Fair Value
At December 31, 2016	335,000	\$ 77,050
Issued February 24 2017	665,000	166,250
At December 31, 2017 and December 31, 2016	1,000,000	\$ 243,300

On February 24, 2017, 665,000 Restricted Share Units ("RSUs") were granted to senior officers of the Company. The share price on February 24, 2017 was \$0.25. The RSUs were assigned a value of \$166,250.



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13. Income Taxes

A reconciliation between the tax expense and the product of accounting loss multiplied by the Company's domestic tax rate is as follows:

	Year Ended December 31, 2017	Year Ended December 31, 2016
Statutory tax rate	26.50 %	26.50 %
Loss before recovery of income taxes	\$ (15,722,001)	\$ (9,980,165)
Expected income tax recovery	(4,166,330)	(2,644,744)
Permanent differences	(23,006)	456,542
True-ups and other	330,991	523,749
ITC's	-	350,997
Renounced expenditures	1,518,229	1,350,191
Share issuance costs booked through equity	(36,099)	(394,368)
Benefits of tax attributes not recognized	2,376,215	357,633
Total tax recovery	\$ -	\$ -



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13. Income Taxes (Continued)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority.

The tax benefit of the following unused tax losses and deductible temporary differences have not been recognized in the consolidated financial statements due to the unpredictability of future earnings.

	Year Ended December 31, 2017	Year Ended December 31, 2016
Deductible Temporary Differences		
Mineral properties and capital assets	\$ 271,905,757	\$ 272,652,856
Provision for environmental expenditure	1,852,310	1,662,031
Capital losses	4,473,000	4,370,298
Loss-carryforwards	81,683,767	73,211,659
Share issue costs	1,556,273	1,958,891
Loan facility and unaccreted amounts	11,461,735	10,187,993
ITC's	25,417,902	25,417,902
	\$ 398,350,744	\$ 389,461,630

At December 31, 2017, the Company had unclaimed non-capital income tax losses that expire as follows:

2021	\$ 395,894
2022	1,003,520
2023	1,105,611
2024	1,352,175
2025	5,817,488
2026	3,634,907
2027	1,179,805
2028	7,160,174
2029	9,157,409
2030	6,804,658
2031	8,385,059
2032	7,238,483
2033	6,248,292
2034	5,524,743
2035	2,295,957
2036	5,196,635
2037	9,182,957
	\$ 81,683,767



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14. Loss Per Share

	Year Ended	
	December 31, 2017	December 31, 2016
Loss attributable to common shareholders	\$ (15,722,001)	\$ (9,980,165)
Weighted average shares outstanding - basic and diluted	332,530,579	287,147,586
Loss per share - basic and diluted	\$ (0.05)	\$ (0.03)

As a result of the net loss for the year ended December 31, 2017 and for the year ended December 31, 2016, the potential effects of the exercise of stock options and the conversion of the RCF loan facility were anti-dilutive. Thus, basic loss per share and diluted loss per share are equal for these periods.

15. Commitments and Contingencies

- a) Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As at December 31, 2017, the Company is committed to incurring approximately \$2.3 million in Canadian Exploration Expenditures by December 31, 2018.
- b) 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 as follows:

	\$
2018	259,458
2019	192,996
2020	196,619
2021	248,145
2022	245,436
2023	68,553
2024 to 2033	12,301

- c) As at December 31, 2017, the Company currently has agreements with several contractors that include provisions where the contractors provide up-front time with the understanding that if the Eagle's Nest Project proceeds into the construction stage, they will be granted a contract for the agreed scope of services. In some cases, the constructor may be reimbursed for the time incurred, or an amount agreed up front, if the Project does not go ahead. As at December 31, 2017, the amount of this contingent liability is approximately \$250,000.



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16. Compensation of Key Management

	Year Ended	
	December 31, 2017	December 31, 2016
Salaries, benefits and directors' fees	\$ 1,689,968	\$ 1,452,651
Share-based compensation	957,411	782,650
	\$ 2,647,379	\$ 2,235,301

Key management includes the 7 directors and 6 members of the executive management team (year ended December 31, 2016 - 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. Certain members of key management took a voluntary decrease in cash compensation from February to May 2016 and director's fees were suspended in Q4 2015 and reinstated in June 2016.

17. Supplementary Expense Information

	Year Ended	
	December 31, 2017	December 31, 2016
a) Development and Exploration Expenditures		
Owner's costs	\$ 351,828	\$ 653,586
Camp operations & exploration expense	5,756,254	5,166,933
Community engagement & permitting	232,536	175,661
Engineering, road geotechnical & other	461,103	137,160
	\$ 6,801,721	\$ 6,133,340

Included in development and exploration expenditures expenses for the year ended December 31, 2017 is \$2,487,464 of salaries and benefits (year ended December 31, 2016 - \$2,678,796) and \$707,940 of fuel expenses (year ended December 31, 2016 - \$434,866).

	Year Ended	
	December 31, 2017	December 31, 2016
b) Office and General:		
Salaries, benefits and directors' fees	\$ 1,831,124	\$ 1,342,361
Employee severance	21,417	-
Donations & sponsorships	11,145	40,202
Administrative and other expenses	667,453	721,625
Professional fees	455,627	467,351
Communications & travel	298,238	280,149
	\$ 3,285,004	\$ 2,851,688



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18. Subsequent Events

On April 9, 2018 the Company announced the closing of a private placement of 10,000,000 flow-through shares at a price of \$0.42 per flow-through share for gross proceeds of \$4.2 million. The Company intends to use the proceeds for its exploration program in the Ring of Fire. The flow-through shares will be “flow-through” shares pursuant to the Income Tax Act (Canada). The flow-through shares are subject to a statutory hold period of four months plus one day which will expire on August 10, 2018. In connection with the offering, the agent received a cash finder’s fee equal to 5% of the gross proceeds of the Flow-Through up to \$1.3 million, a finder’s fee paid in shares, of 6% of the gross proceeds in excess of \$2.5 million to a maximum of \$4.0 million and a corporate finance fee of \$10,750. 414,801 common shares were issued at a price of \$0.37 per common share in satisfaction of the share component of the finder’s fee. The common shares are subject to a statutory hold period of four months plus one day which will expire on August 10, 2018.

On April 9, 2018 the Company also announced the issuance of 311,111 common shares to Marten Falls First Nation as part of an exploration and pre-development agreement with its First Nation partner announced on April 13, 2017. The common shares are subject to a statutory hold period of four months plus one day which will expire on August 10, 2018.

On April 10, 2018 the Company satisfied the payment of interest of \$387,000 to RCF for the first quarter of 2018 through issuance of 1,022,457 common shares at an effective price of \$0.3785 per Interest Share. The Interest Shares are subject to a four month hold period, expiring on August 11, 2018.



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