ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

NORONT

LETTER FROM THE PRESIDENT

Fellow shareholders,

The past year was a busy one at your Company with several important agreements signed, milestones reached and continued success from our exploration efforts. The COVID-19 global pandemic has made recent progress difficult, but we are taking measures to protect our employees and our communities and will be prepared to resume activities when it is safe to do so. Noront celebrated a major safety milestone by completing a full year without a recordable incident and has now completed over 700 days without an incident.

Our focus has been on working with the provincial government and local First Nation communities to advance the all-season road network into the Ring of Fire region. We were very pleased to see the province, represented by Premier Ford and Minister Rickford, sign an agreement with the communities of Marten Falls and Webequie First Nation to advance the Northern Link Road which will connect the communities and the mining projects to railroad and paved highway infrastructure. Twenty kilometres of road was upgraded last year and a further 70 kilometres was scheduled for 2020 prior to the pandemic outbreak.

Noront signed an MOU with Aroland First Nation which is located at the southern terminus of the all-season road project. This is the proposed site of a transload facility that will see the ores and concentrates moved from trucks to rail cars for transport to market. The MOU resulted in Aroland becoming a shareholder of the Company and ensures on-going dialogue as we determine the economic development opportunities from the mining developments.

On the Chromite front, Noront selected Sault Ste. Marie to be the site of the proposed Ferrochrome Production Facility (FPF) due to its skilled workforce, access to markets and excellent infrastructure. Subsequent agreements were concluded with Algoma Steel Inc. and Hatch Ltd. to provide industrial land in the brownfields area west of the steel mill for the site infrastructure and to provide engineering and project support services.

The Company recently issued a NI43-101 compliant resource estimate for the recently discovered Nikka copper-zinc deposit in the McFaulds volcanogenic massive sulphide (VMS) field of the Ring of Fire. The Inferred resource totals 4.0 million tonnes grading 2.7% copper equivalent and the Indicated resource contains 0.85 million tonnes grading 3.71% copper equivalent with the copper stringer zone remaining open downdip. Additional targets on the property have been identified through numerous ground and airborne geophysical surveys and we believe there is much more to be found at McFaulds.

We made the difficult decision to close our Esker Site once the scale and potential impact of the global pandemic became obvious. This was a necessary precaution to help protect the health and well-being of our employees and the communities surrounding our operations. The logistics of flying in and out of Esker Site would make it difficult to contain a virus outbreak. We also recognize there are vulnerable people living in the remote communities our workers return to at the end of their rotation and closing Esker would help keep those community members safe.

With Esker Site demobilized, our focus has shifted to completing the metallurgical testing on the core we procured during our recent Eagle's Nest drill program. This is an element of the update to our 2012 feasibility study and will determine whether separate nickel and copper concentrates can be produced. In addition, work in support of our First Nations partners who are developing critical road infrastructure will also continue.

Finally, I would like to thank you, our shareholders, for your ongoing support and confidence as we strive to advance one of the great economic and social development opportunities that our country possesses. The past year saw tangible progress and exciting outcomes that we intend to build upon and help all Canadians participate in the development of a sustainable, prosperous future.

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, 2019, 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 9, 2020.

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 2019, 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 8, 2020, 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 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 McFaulds 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 prospective Sanderson nickel property, gold exploration targets and other diamond exploration properties.

Noront now holds interest, mineral, and exploration rights to approximately 156,249 hectares of ground in Ontario and 3,395 hectares in New Brunswick.

In New Brunswick, Noront holds a 42% interest in the Burnt Hill tin-tungsten-molybdenum property.

OBJECTIVES

The Company's primary objectives for fiscal 2020 are:

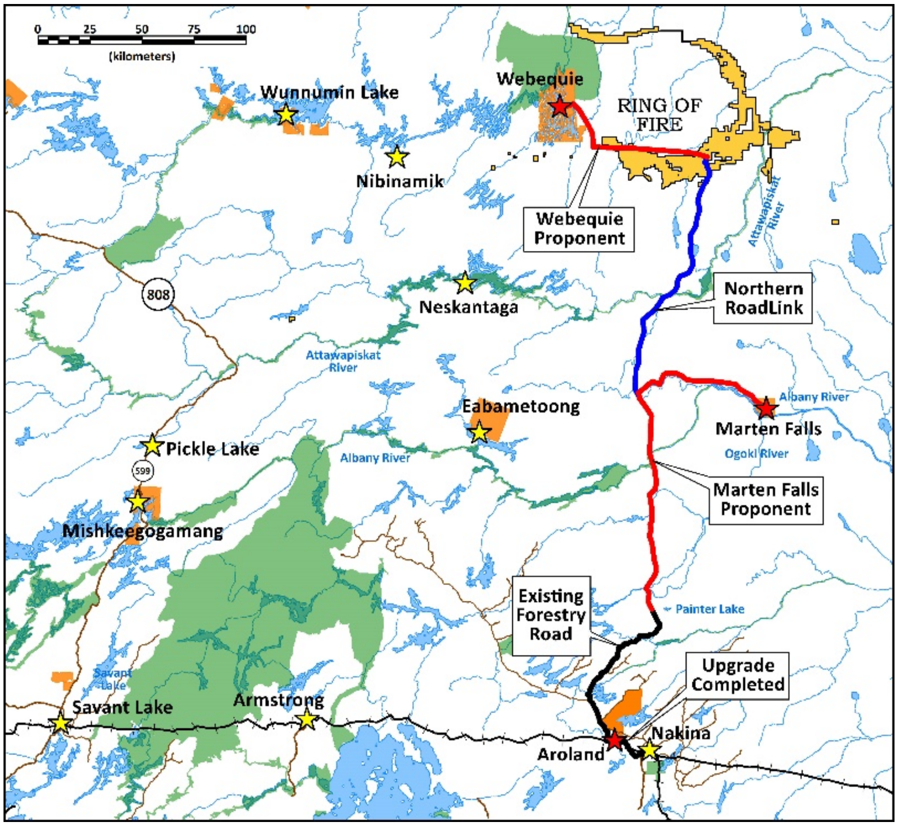
- Support the First Nation proponents of the north-south all-season access road to the Ring of Fire project and obtain public commitments to infrastructure funding from the provincial and federal governments. Develop a monitoring and facilitation plan so that clear schedules and milestones are established and managed;
- Advance the Eagle's Nest project towards a construction decision. Initiate the update to the Eagle's Nest Feasibility Study focusing on revised metallurgical test work and the restructure of the Environmental Assessment to remove the road from the project terms of reference;
- Initiate a preliminary economic assessment (PEA) on the first chromite project including the Blackbird Mine and Sault Ste. Marie Ferrochrome Production Facility. Work with government to advance the status of Noront's project as a strategic ferrochrome supply chain;
- Continue to advance discussions with the primary First Nation communities in the Company's project area to conclude and sign a project advancement agreement in support of the Eagle's Nest Project, which would ultimately lead to an impact benefit agreement. while providing training and future employment opportunities;
- Actively pursue pre-development financing to fund development activities. 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

The critical enabler to develop the Ring of Fire is the construction of an all-season access road to the region. The Company's strategy is to work with the both the federal and provincial governments and local First Nations to align the needs of both social and industrial infrastructure. In this regard, the Company fully supports the Environmental Assessments (EA) driven by First Nation Proponents for the access roads in the region.

Figure 1: Ring of Fire Road Map



All sections of the Ring of Fire access road are progressing through the Provincial Environmental Assessment (EA) process. The southernmost road section from Nakina to Aroland First Nation has been upgraded; the road section from Aroland to Painter Lake is an upgrade of an existing forestry road, which is planned to be advanced under an expedited Class EA; the EA commenced on the section from Painter Lake to Marten Falls First Nation (MFFN) and on the section from Webequie First Nation (WFN) to the Ring of Fire on May 3, 2018. The Government of Ontario, MFFN and WFN signed an agreement to advance the development of the road section from Marten Falls First Nation to the Ring of Fire and announced the signing at a joint news conference on March 2, 2020. Where federal participation is required cooperation, agreements between the provincial and federal governments have been signed.

Ring of Fire Nickel Project

The Company's first planned project is its 100% owned Eagle's Nest nickel, copper, platinum and palladium deposit. A three thousand tonne per day underground operation is planned that will produce a mineral concentrate to be processed in a smelter most likely in Sudbury, Ontario. In order to advance this project to a construction ready state, the Company will need to update its 2012 Feasibility study and reinitiate the EA process. Management anticipates, once started, this pre-construction permitting, and technical evaluation will take approximately two years. The Company is currently evaluating options to raise funds for this predevelopment work.

Ring of Fire 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 believes its chromite resources are of sufficient size to support mining in the region over several decades. The Company's chromite strategy is to initially develop its Blackbird chromite deposit, which is proximal to the Eagle's Nest deposit and can therefore share the same surface infrastructure thus reducing the capital cost of this development.

The Company is planning on mining high-grade chrome ore and direct shipping the material to a yet to be constructed Ferrochrome Production Facility (FPF) built by Noront in northern Ontario. 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 selected Sault Ste. Marie for the site of its Ferrochrome Processing Facility and signed an agreement with Algoma Steel Inc. (Algoma) to secure the site adjacent to their property. The Company has a five-year option to enter into a 99-year lease with Algoma.

The Company plans to initiate work on a preliminary economic assessment in 2020

First Nation Relations

The Company is working with the primary First Nation communities on the Environmental Assessments on the road projects and has entered a project advancement and a memorandum of understanding with Marten Falls First Nation and Aroland First Nation respectively. Both communities are Noront shareholders. The Company will be initiating a dialogue to negotiate pre-development agreements once the Company raises the funds required to advance the Environmental Assessment for the Eagle's Nest project.

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 and smelters, 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 and complement the existing Noront properties.

SIGNIFICANT EVENTS

Ring of Fire Development

On September 20, 2019, the Company announced agreements with Algoma Steel Inc. ("Algoma") and Hatch Ltd. (Hatch) to facilitate chromite development in the Ring of Fire and secure the site for its planned Ferrochrome Processing Facility in Sault Ste. Marie, Ontario once the Company's chromite project is established. The agreement with Algoma provides the Company with a 5-year option to enter into a 99-year ground lease on a parcel of land owned by Algoma, west of its steel mill. It is the Company's intent to design, permit, construct and operate a Ferrochrome Production Facility on the property. On September 26, 2019 as consideration for the agreement, the Company issued 750,000 common shares and 750,000 warrants to purchase common shares to Algoma. The Company also entered into a Master Services Agreement with Hatch to perform engineering and project support services for the Eagle's Nest and Ring of Fire Chrome Projects. Hatch will participate as an equity partner with the Company and form an integrated project management and engineering team to manage, develop, and execute the projects in the Ring of Fire.

On August 27, 2019, the Government of Ontario, at a joint announcement with Noront Resources in Sault Ste. Marie, Ontario announced that they are committed to opening up the Ring of Fire and are working directly with willing First Nations partners to develop the necessary infrastructure. The Company and Marten Falls First Nation (MFFN) released a joint statement supporting the government's approach to expedite the development of the all-season access road to the Ring of Fire.

Subsequent to year-end on March 2, 2020, the Government of Ontario, MFFN and Webequie First Nation (WFN) announced a Memorandum of Agreement between the parties to advance the last section of the all-season access road, which will connect the Ring of Fire to Webequie First Nation to the West and to the Marten Falls First Nation access road to the south. Once complete the access road will connect the Ring of Fire to the provincial highway network.

Exploration

McFaulds Property

During the year the Company drilled five holes (3,005m) on the property, testing the down-dip continuity of the McFaulds No.8 copper-zinc rich VMS deposit. Results of this drilling have identified a new copper-rich stockwork zone at depth below the deposit which returned 20.0 meters grading 2.0 % copper in MCF-19-102, and 10.1 meters grading 3.3 % copper in MCF-19-103 (figure 2). To date, eight drill holes totaling 5,300 meters have intersected the McFaulds No. 8 VMS deposit over a dip extent of roughly 600 meters (table 1). The deposit remains open along strike and at depth.

Regional targeting on the property was advanced with inversion modeling of the ground gravity survey completed in 2018. Results of the inversion model match closely the drilled extent of the McFaulds No.8 deposit at over 800 meters depth, suggesting ground gravity as a viable tool for identifying deep targets on the property. Based on this several additional gravity targets have been identified for follow-up testing.

During the third quarter, the Company commissioned a survey program of historic holes intersecting the McFaulds No. 3 deposit where collar and/or survey data quality was questionable. This revised data will be incorporated into an updated NI 43-101 resource estimate for the property, incorporating estimates for the McFaulds No.1, No.3 and No.8 copper-zinc deposits.

Ring of Fire Nickel Targeting

During the year the Company completed an extensive nickel-copper-PGE targeting initiative throughout the RoF to better characterize its inventory of nickel targets. The final report documents 79 individual targets which have been reviewed, catalogued and prioritized for future follow-up. The Company firmly believes in the continued nickel prospectivity of the region and as a result of this targeting initiative, in January 2020, staked 176 claims over a new nickel target, the Victory property, southeast of the McFaulds property.

Blackbird Geological Modelling

Review of existing drill core in the first quarter of 2020 was performed to revise and improve the geological model for the Blackbird chromite deposit. The revised geologic model will help inform the mine plan that will be established in the Blackbird PEA during 2020.

Eagle’s Nest Metallurgical & Exploratory Drilling

Drilling at Eagle’s Nest in the first and second quarters of 2020 will be performed to collect additional samples for future metallurgical testing which will inform the viability and process required for separate nickel and copper concentrates. In addition, drilling in areas around the deposit will test for near-mine footwall mineralization.

Figure 2: Cross-section (left) looking southwest, and long-section (right) looking southeast of modelled McFaulds No.8 deposit showing current interpretation of the massive sulfide domain (red) and the copper stockwork domain (yellow) with location of MCF-19-103 and MCF-18-98

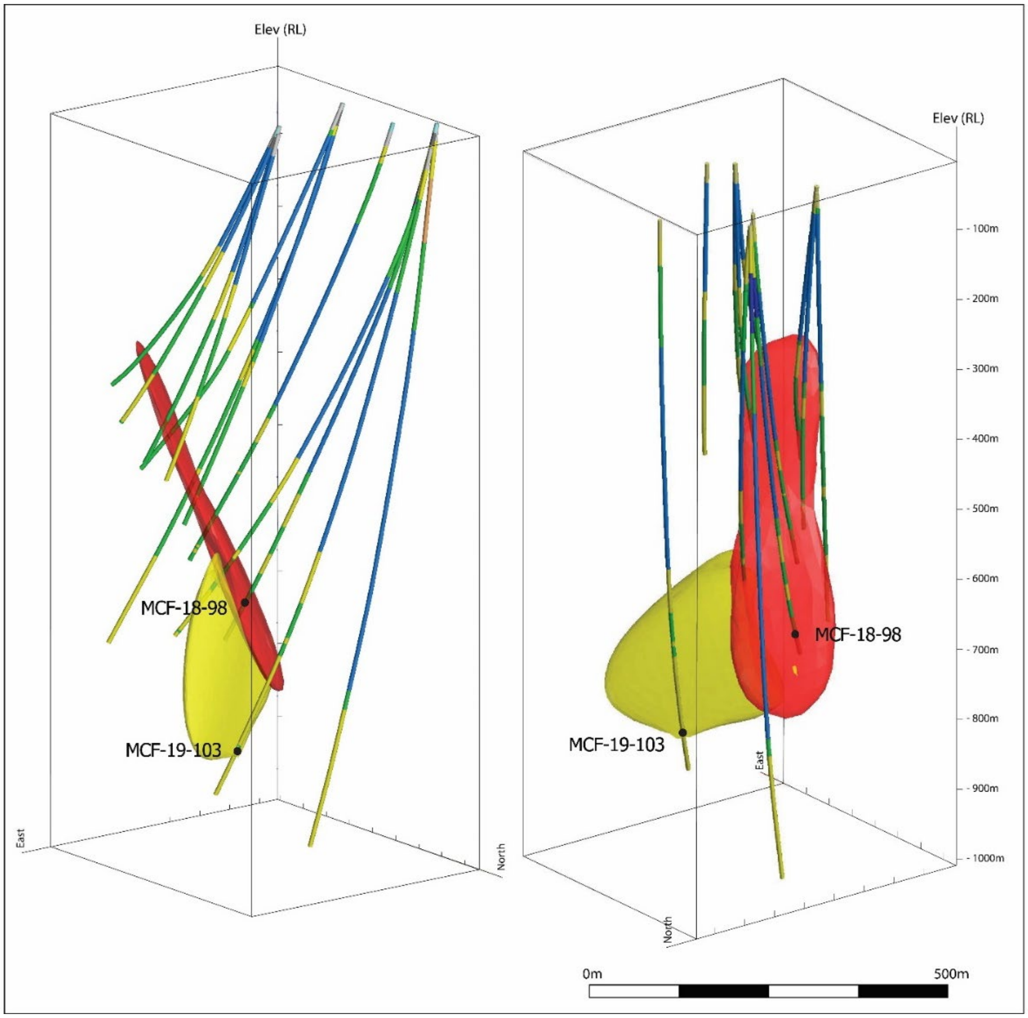


Table 1: Recent Drilling Highlights - McFaulds Property

Discovery	Hole	From (m)	To (m)	Width (m)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
MCF No.8	MCF-17-88	557.3	566.3	9.0	2.0	3.6	7.8	
	MCF-17-89	486.3	497.2	10.9	1.1	1.7	10.9	0.4
	MCF-18-92	447.9	454.6	6.7	1.3	5.9	10.3	0.5
	MCF-18-95	388.1	391.1	3.0	0.2	5.3	1.7	-
	MCF-18-96	614.0	622.5	8.5	1.9	2.0	6.2	0.3
	MCF-18-97	Hole abandoned at 186m due to excessive hole deviation						
	MCF-18-98	707.3	733.8	26.4	2.1	3.4	5.5	0.2
	MCF-19-99	Hole abandoned at 35m due to excessive hole deviation						
	MCF-19-100	NSV						
	MCF-19-101	Hole abandoned at 217m due to excessive hole deviation						
	MCF-19-102	660.0	680.0	20.0	2.0	0.1	4.8	0.1
	MCF-19-103	**866.0**	**876.1**	**10.1**	**3.3**	**NSV**	**6.5**	**0.2**
MCF No.9	MCF-18-90	267.6	276.0	8.4	0.2	0.1	2.0	nsv
	MCF-18-91	253.0	259.0	6.0	0.3	0.5	3.1	0.1
MCF No.10	MCF-18-92	401.0	401.5	0.5	nsv	25.7	3.0	-
	MCF-18-93	349.0	362.4	13.4	-	2.1	6.6	-
	MCF-18-94	387.0	409.0	22.0	-	1.6	8.1	-

Other Significant Events

On December 23, 2019, the Company extended the terms of its current debt facilities with Franco-Nevada Corporation ("Franco-Nevada") and Resource Capital Fund V L.P. ("RCF V"). The Company's loan with Franco-Nevada has been extended to September 30, 2022 and the maturity of its convertible debenture with RCF V has been extended to September 30, 2021. In addition, Noront has granted a 1% gross revenue royalty on the Eagle's Nest Nickel-Copper-PGM deposit for C$5.0 million to Franco-Nevada.

On November 20, 2019, the Company closed a non-brokered private placement for gross proceeds of $2.06 million from the issuance of flow-through shares (the "FT Shares") and units (the "Units"). The Company issued 7,900,000 FT Shares at a price of $0.25 per FT Share for gross proceeds of $1,975,000 and 425,000 Units at a price of $0.20 per Unit for gross proceeds of $85,000 (the "Private Placement"). Each Unit consists of one common share of the Company and one common share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price of $0.30 until November 20, 2021.

On September 3, 2019, Noront issued 300,000 shares to Marten Falls First Nation and 150,000 shares to Aroland First Nation. The share issuance was under the terms of a project advancement agreement with Marten Falls First Nation originally entered into by the

Company on April 12th, 2017 and as amended on July 9th, 2019 and under the terms of a Memorandum of Understanding with Aroland First Nation entered into by the Company on June 6, 2019.

Pursuant to the loan agreement entered into between Noront and RCF (a major shareholder and related party with a 20.5% ownership position in the Company), dated February 26, 2013, the Company has satisfied the payment of interest for each quarter of fiscal 2019 by delivery of the following common shares of the Company (the "Interest Shares"):

a) 1,448,061 Interest Shares to RCF on April 10, 2019, at an effective price of $0.3104 per Interest Share.

b) 1,649,938 Interest Shares to RCF on July 10, 2019 at an effective price of $0.2378 per Interest Share.

c) 1,640,744 Interest Shares to RCF on October 10, 2019, at an effective price of $0.2418 per Interest Share.

d) 2,598,991 Interest Shares to RCF on January 10, 2020, at an effective price of $0.1507 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 Consultants[1] under the supervision of Micon International. In accordance with NI 43-101 the Company classifies the Eagle's Nest Deposit as a reserve and resource. The feasibility study entitled "NI 43-101 Technical Report – Feasibility Study – McFaulds Lake Property, Eagle's Nest Project, James Bay Lowlands, Ontario, Canada" is available on www.sedar.com.

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

The Company plans to update its Feasibility Study in 2020 and complete project permitting once the necessary financing is arranged. Management has identified certain opportunities to reduce the capital cost related to the mine and mill project including putting 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;
- a separate 1% NSR held by RCF; and
- a 1% Gross Revenue Royalty (GSR) held by Franco-Nevada

[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.

CHROMITE PROJECTS

The Company has the following chromite resources[2]:

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

Notes:

(i) *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.*

(ii) *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 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 Ferrochrome smelter is planned to be constructed at on the Algoma Steel (Algoma) site adjacent to their operations in Sault Ste. Marie.

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 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).

The Black Thor Chromite deposit has a 3% Gross Smelter Royalty (GSR) which can be reduced to 2% if the Company grants royalties on certain claims in the Ring of Fire. The Blackbird and Black Label Chromite deposits have a 2% GSR.

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

In addition, the Black Thor and Big Daddy Chromite Deposits have a 2% NSR half of which can be bought back any time prior to production for $1 million.

MCFAULDS LAKE VMS DEPOSITS

The two McFaulds deposits are volcanogenic massive sulphide (VMS) type occurrences and are the centerpiece of a 1,043 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 resources[3]:

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

Notes:
(i) Mineral resources were estimated using a cut-off grade of 1.5% Cu

In August 2017, Noront discovered an additional VMS deposit on the property, McFaulds No.8. Drilling to date at McFaulds No.8 has defined a copper and zinc-rich massive sulfide body with a dip extent of over 600 metres. Future drilling will continue to test the down-dip and along-strike continuity of the mineralization along with other targets on the property.

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

There is a 1.5% NSR on the McFaulds Lake VMS claims which include the above deposits.

OTHER PROPERTIES

Other Ring of Fire Properties

Sanderson
The Sanderson property comprises 1,039 claim cells (19,203 ha) in the northeastern portion of the RoF. Noront acquired a 75% interest in the property from MacDonald Mines in 2016. The property covers a regionally extensive ferrogabbro sill complex known as the Big Mac intrusion, as well as numerous discrete magnetic anomalies in the structural footwall to Big Mac. One of these magnetic anomalies, the Pinay Ni-Cu-PGE target, was believed to represent a large ultramafic intrusion similar in nature to the Black Thor intrusive complex. In 2019 the company executed a four-hole (1,351m) drill program on Pinay target. Drilling intersected ferrogabbroic lithologies with limited Ni-Cu-PGE potential. Further work on the Sanderson property will target other possible ultramafic feeders and dykes in the footwall to the Big Mac intrusion.

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;

[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.

Butler

The Butler property hosts four known zinc-copper VMS occurrences within a 12km long belt of highly prospective felsic to intermediate volcanic rocks located in the southwestern portion of the RoF. Noront acquired a 75% interest in the property from MacDonald Mines in 2016. Highlights of past drilling on the property are shown in Table 2. Recent work by the Company has been limited to soil sampling, core re-logging and geological mapping to improve the base geological map and understanding of the controls and styles of VMS mineralization on the property with a goal of refining targets for future ground geophysical surveying and drilling.

Table 2: 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			

There is a 2% NSR over 107 claims which comprise part of the Butler Property half of which can be bought back for $1 million.

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.

Gold Targeting

In the fall of 2017, the Company added significantly to its stable of exploration properties through staking of 150 claims (equivalent to 2,119 claim cells) covering 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 and which displays evidence of tight folding of banded iron formation. 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.

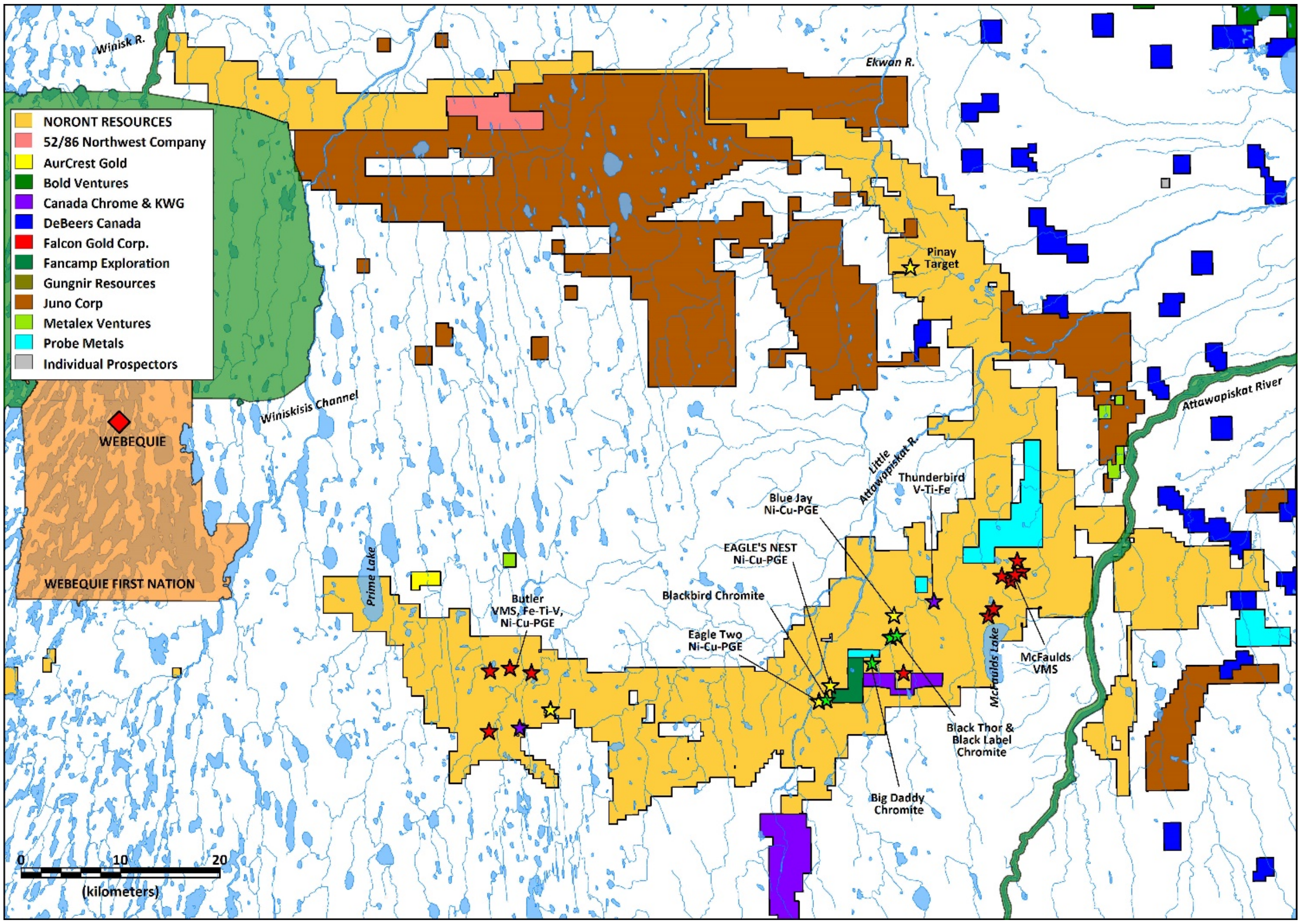
Thunderbird

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 km 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.

Figure 3: Noront Ring of Fire Claim Map



Other Royalties

There is a 2% NSR on the claims the Company held at the time of the transaction in which the Company acquired the Black Thor, Big Daddy and Black Label chromite deposits excluding Eagle's Nest and McFaulds Lake VMS deposits.

On other claims which do not currently have known deposits there is a 2% NSR of which half can be bought back for $1 million and on other certain claims there is a 0.7522% NSR.

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. The Company signed an amended option agreement with Cadillac Ventures Inc. during the year. Cadillac now has a 58% earned interest in the property.

SELECTED FINANCIAL INFORMATION

The following financial data are derived from the Company's financial statements for the years ended December 31, 2019, December 31, 2018 and December 31,2017 which have been prepared in accordance with IFRS:

(expressed in $ thousands except per share amounts)	Year Ended December 31,		
	2019	**2018**	**2017**
Development and exploration expenditures	5,745	7,123	6,802
Office and general	2,879	3,195	3,285
Amortization	357	300	337
Share-based compensation	1,128	1,153	1,002
Interest income	34	50	48
Finance expense	(4,772)	(4,432)	(4,199)
Gain on loan modification	802	3,648	-
Gain on loan extinguishment	7,241	-	-
Gain on sale of mineral property	-	150	100
Gain on sale of royalty	4,972	-	-
Accretion expense	(6,033)	(5,595)	(4,674)
Re-measurement of repayment option	(1,489)	1,621	98
Net loss	(5,067)	(19,886)	(15,722)
Other comprehensive loss	(113)	-	-
Cash flow used in operations	(6,983)	(9,467)	(9,467)
Cash and cash equivalents	7,332	5,569	6,722
Assets	34,846	32,967	34,108
Non-Current Liabilities	55,361	41,939	33,474
Working Capital (1)	6,547	(13,269)	(12,372)

(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, 2019 Compared to Year Ended December 31, 2018

Development and Exploration Expenditures

(expressed in $ thousands)	Year Ended December 31,	
	2019	**2018**
Owner's cost	$ 146	$ 300
Exploration expenditure	5,340	6,288
Community engagement & permitting	245	313
Engineering, staking & other	13	222
Total	$ 5,745	$ 7,123

Owner's Costs

Owner's costs consist of the Company's project personnel and consultants. In 2019, these costs were lower due to exploration personnel being included in exploration expenditure.

Exploration Expenditure

During the year ended December 31, 2019, exploration spend was focused on the McFaulds Lake copper, zinc volcanic massive sulphide targets, see exploration section above. In 2018, exploration focused on the McFaulds VMS property as well executed drill programs on the Sanderson property and other regional exploration in the Ring of Fire. The Company's spending on exploration fluctuates based on the availability of flow-through financing during the year.

Community Engagement & Permitting

Community engagement and permitting expenses consists of costs related to environmental base line field work and First Nation community engagement. In 2019, $70 thousand in shares were issued to Marten Falls First Nation under the terms of a Project Advancement Agreement and $35 thousand in shares were issued to Aroland First Nation under the terms of a Memorandum of Understanding. In the prior year, the Company had incurred increased costs for pre-development negotiations with our First Nation Partners and other community engagement activities.

Engineering, Staking & Other

In 2019, these costs primarily consisted of staking activities. In 2018, these costs primarily consisted of costs associated with technical engineering related to the selecting a site for its ferrochrome processing facility, environmental baseline field work and gold staking activities.

Office and General

(expressed in $ thousands)	Year Ended December 31, 2019	Year Ended December 31, 2018
General administration	$ 2,079	$ 2,315
Professional fees	478	503
Communications and travel	322	377
Total	$ 2,879	$ 3,195

General Administration

General administration expenses were lower than the prior year comparable periods due to lower IT and office costs.

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, 2019, professional fees were lower than prior year comparable period due to a decrease in services related to business development initiatives.

Communications and travel

For the year-ended December 30, 2019 communications and travel costs were lower than the prior year comparable period due to decreased business development activities.

Finance Expense

Finance expense consists of quarterly interest payments on the Company's loan facilities and other transaction costs. During the year ended December 31,2019, the Company satisfied the payment of interest of $1.6 million on the RCF convertible loan by issuing 6,499,242 common shares of the Company. Subsequent to the year end, the Company satisfied the payment of interest of $0.4 million on the RCF convertible loan by issuing 2,598,991 common shares of the Company.

During the year ended December 31,2019, the Company accrued $3.1 million in interest for the Long-Term Loan to Franco-Nevada in accordance with the loan agreement. Interest on the Franco-Nevada loan is accrued and not payable until September 30, 2022.

Flow-Through Share Premium

The flow-through share premium represents the premium on the flow-through shares paid by the investor which is recorded as income as the flow-through funds are spent. The change in the flow-through share premium for the year ended December 31,2019 compared to the prior year comparable period is consistent with the exploration spend in the respective periods.

Accretion Expense

Accretion expense includes accretion of loan facilities and the provision for environmental obligations. For the year ended December 31, 2019, accretion expense consists primarily of accretion for the amended RCF loan of $3.0 million and the Franco-Nevada loan of $3.0 million.

Share-Based Compensation

For the year ended December 31, 2019, the Company incurred share-based compensation expense of $1.13 million compared to $1.15 million in the prior year.

Gain on Extinguishment of Loan

In December 2019, the loan with Franco-Nevada was extended under substantially the same terms and conditions until September 30, 2022. However, as the term to maturity is substantially different from the existing loan, the amendment is considered to be an extinguishment of the original loan. As a result, a gain on debt extinguishment of $7.2 million was recorded.

Repayment Options

During the year ended December 31, 2019, the increase in the re-measurement of the repayment options of the Convertible Loan was $1.5 million compared to a decrease of $1.6 million in the prior year. The value assigned to the Repayment Options fluctuates based on the Company's share price at the end of the year, the Company's underlying stock price volatility and the term to maturity of the underlying convertible debenture. The extension of the Convertible Loan to a maturity date of September 30, 2021 resulted in a significant increase of the valuation of the repayment option.

Foreign Exchange Loss/Gain

During the year ended December 31, 2019, the Company recorded an unrealized foreign exchange gain of $3.4 million compared to a $4.5 million unrealized foreign exchange loss in the prior year. The unrealized foreign exchange gain relates to the translation of the Company's loan facilities from a US dollar denominated currency to the Company's functional currency, the Canadian dollar. During the year ended December 31, 2019, the Canadian dollar strengthened against the US dollar, resulting in the unrealized foreign exchange gain.

SUMMARY OF CASH FLOWS

(expressed in $ thousands)	Year Ended December 31, 2019	2018
Cash used in operating activities	$ (6,983)	$ (9,426)
Cash provided by (used in) investing activities	4,899	(11)
Cash provided by financing activities	3,847	8,274
	$ 1,762	$ (1,162)

Operating Activities

For the year ended December 31, 2019, the Company had a cash outflow from operations of $6.9 million compared to a cash outflow of $9.4 million in the prior year. Significant differences compared to prior year include the gain loan modifications, gain on loan extinguishment, gain on sale of royalty and foreign exchange gains in 2019.

Investing Activities

For the year ended December 31,2019 the Company had cash inflow of $4.9 million resulting from the sale of a 1% gross revenue royalty, offset by cash outflow for the purchase of equipment. During the prior year, the Company had net cash inflows of $0.01 million from proceeds related to the sale of an interest in the Burnt Hill Project, offset by cash outflows for the purchase of equipment.

Financing Activities

For the year ended December 31,2019 cash was provided by the issuance of flow-through and a private placement offering in the amount of $5.2 million, net of transaction costs. $1.4 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. $0.1 million in cash was used for lease payments related to the Company's right-of-use assets and $0.05 was received in cash as a lease inducement.

For the year ended December 31, 2018, cash was provided by the issuance of flow-through shares and a private placement offering in the amount of $8.4 million, net of transaction costs. $0.9 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 by the exercise of employee stock options and warrants in the amount of $1.4 million.

SUMMARY OF QUARTERLY RESULTS AND REVIEW OF THREE MONTHS ENDED DECEMBER 31, 2019

(expressed in $ thousands except per share amounts)	2019 Oct-Dec	2019 Jul-Sept	2019 Apr-Jun	2019 Jan-Mar	2018 Oct-Dec	2018 Jul-Sep	2018 Apr-Jun	2018 Jan-Mar
Expenses	5,102	4,549	4,969	6,294	5,049	5,663	5,008	6,078
Gain on sale of mineral property	-	-	-	-	-	-	2	150
Gain on loan modification	537	265	-	-	1,866	-	1,783	-
Gain on loan extinguishment	7,241	-	-	-	-	-	-	-
Gain on sale of royalty	4,972	-	-	-	-	-	-	-
Re-measurement of repayment options	(1,910)	259	614	(452)	677	2,140	(26)	(1,170)
Foreign exchange gain (loss)	1,717	(752)	1,228	1,158	(2,899)	922	(1,157)	(1,387)
Net income (loss)	7,956	(4,815)	(2,986)	(5,222)	(5,239)	(2,329)	(4,237)	(8,081)
Other comprehensive loss	(113)	-	-	-	-	-	-	-
Net earnings (loss) per share – basic	0.02	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)
Net earnings (loss) per share – diluted	0.02	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)
Cash and cash equivalents	7,332	2,415	4,082	3,147	5,569	3,987	6,350	4,477
Working Capital[(1)]	6,547	(61,454)	(56,807)	(16,563)	(13,269)	(15,372)	(12,095)	(15,200)
Assets	34,846	30,211	31,712	31,145	32,967	31,531	34,015	32,405
Long-term Liabilities	59,982	2,258	2,255	42,916	41,939	38,435	37,706	35,623

(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. During certain quarters in 2019, the working capital is negative due to the presentation of the convertible loan facility (the “Convertible Loan”) with RCF and the loan with Franco-Nevada as current liabilities. In December 2019, the Company finalized extensions to both the RCF and Franco loan facilities with both loans being classified as non-current liabilities as of December 31, 2019.

The Company’s long-term liabilities include the US$15 million convertible debenture with Resource Capital Funds V L.P. (RCF) The loan is due September 30, 2021 and as such, the principal portion of the loan has been classified as a long-term liability. The repayment option allows RCF to convert the principal portion of the loan into common shares at a price of $0.20 per common share. The Company has classified the repayment option as a current liability since the option can be exercised at any point during the term of the loan by RCF.

LIQUIDITY AND CAPITAL RESOURCES

The Company’s cash position (cash and cash equivalents) at December 31, 2019 was $7.3 million compared to $5.6 million as at December 31, 2018.

At December 31, 2019, the Company had not yet achieved profitable operations, had an accumulated deficit of $284.8 million since inception (December 31, 2018 – $279.8 million), expects to incur further losses in the development of its business, and has net working capital of $6.5 million (December 31, 2018 – negative net working capital of $13.3 million). Net working capital includes all current assets and current liabilities and excludes the flow-through share liability. At December 31, 2018, the Company had negative working capital as a result of the RCF loan being classified as current.

On December 23, 2019, the Company entered into a ninth amending agreement with RCF to extend the terms of its existing US$15.0 million loan. The maturity date was extended to September 30, 2021 with the conversion price set at $0.20 cents per common share (previously $0.34 cents per common share). All other terms and conditions of the Convertible Loan remain the same.

On November 27, 2019, the Company entered into an eighth amending agreement with RCF to extend the terms of its existing US$15.0 million loan. The maturity date was extended to December 31, 2019. All other terms and conditions of the Convertible Loan remain the same.

On October 31, 2019, the Company entered into a seventh amending agreement with RCF to extend the terms of its existing US$15.0 million loan. The maturity date was extended to November 30, 2019. All other terms and conditions of the Convertible Loan remain the same.

On September 26, 2019, the Company entered into a sixth amending agreement with RCF to extend the terms of its existing US$15.0 million loan. The maturity date was extended to October 31, 2019. All other terms and conditions of the Convertible Loan remained the same.

On January 31, 2019 the Company entered into a fifth amending agreement with RCF to extend the terms of its existing US$15.0 million loan. The maturity date of the loan was extended to September 30, 2019. All other terms and conditions of the Convertible Loan remained the same.

The Company has a USD $34.6 million loan facility, including interest with Franco-Nevada Corporation ("Franco") that was originally due on April 28, 2020. The Franco loan is held within a subsidiary company and is secured against certain chromite assets acquired in 2015 with limited recourse to the parent Company. On December 23, 2019, the Company finalized an extension to the Franco loan facility to September 30, 2022 with all other terms and conditions remaining the same. In addition, the Company sold a 1% gross revenue royalty on the Eagle's Nest Nickel-Copper-PGM deposit for CAD $5 million to Franco. The proceeds from the sale of the royalty will be used to advance the Eagle's Nest Project, the Chromite Projects and for general working capital purposes.

On April 12, 2019, the Company closed a private placement of 11,130,807 Flow-Through Units at a price of $0.31 Flow-Through Unit for gross proceeds of $3,450,550. The proceeds of the Flow-Through Unit Offering will be used to advance the Company's exploration program in the Ring of Fire.

On November 20, 2019, the Company closed a non-brokered private placement for gross proceeds of $2.06 million from the issuance of flow-through shares (the "FT Shares") and units (the "Units"). The Company issued 7,900,000 FT Shares at a price of $0.25 per FT Share for gross proceeds of $1,975,000 and 425,000 Units at a price of $0.20 per Unit for gross proceeds of $85,000 (the "Private Placement.

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 pay for corporate overhead, to further develop its properties and projects and to repay or refinance its 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
Lease Obligations	419	118	267	34	-
Low-value and short term leases	105	43	62	-	-
Mining leases	243	15	31	31	166
Other contracts	75	75	-	-	-
Provision for Environmental Expenditure	2,270	-	-	-	2,270
Debt Agreements with Related Party	19,482	19,482	-	-	-
Long Term Debt	45,692	45,692	-	-	-
Total Contractual Obligations	**68,286**	**65,425**	**359**	**65**	**2,436**

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, 2019 to spend $2.8 million on flow-through eligible exploration expenditures by December 31, 2020.

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 30, 2019, 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 annual 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 annual filings; and

(ii) the annual financial statements together with the other financial information included in the annual filings of the Company fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the annual 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.

CHANGES IN ACCOUNTING POLICIES

IFRS 16 Leases

The Company adopted the requirements of IFRS 16 as of January 1, 2019 using the modified retrospective approach, whereby the Company is not required to restate comparative amounts, and there is no impact on opening deficit.

In applying IFRs 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the exclusion of low value leases;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

When measuring initial lease obligations as at January 1, 2019, the Company discounted lease payments using a discount rate of 7.5%.

(expressed in $ thousands)	
Operating lease commitments disclosed as at December 31, 2018	$1,210
Application of IFRS 16 and practical expedients	(508)
Mining lease	(185)
Application of discount rate	(171)
Lease obligation recognized using 7.5% discount rate	$ 346

Starting from January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. The lease obligation is measured at the net present value of the future periodic lease payments, discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

The right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease obligation, plus any lease payments made at or before the commencement date and any initial direct costs incurred, less any lease incentives received. The right-of-use asset is depreciated over the lesser of the right-of-use asset's useful life and the lease term on a straight-line basis. Interest accretion expense of the discount on the lease obligation is charged to the consolidated statements of loss and other comprehensive loss using the effective interest method as finance expense. Cash payments for the principle lease payments relating to the lease obligation are classified as financing activities in the consolidated statements of cash flows.

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 8, 2020, the Company had 409,658,791 common shares outstanding, 28,751,796 stock options outstanding with a weighted average exercise price of $0.32 expiring between 2020 and 2024, 2,000,000 Performance Share Units with an expected life between 2 and 5 years and 1,019,131 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 results 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.

COVID-19

The global outbreak of the COVID-19 coronavirus continues to rapidly evolve. The extent to which the COVID-19 corona virus may impact the Company's business and development will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in Canada, the United States and other countries, business closures or business disruption, and the effectiveness of actions taken by governments around the globe to contain and treat the disease. It may also have an impact on capital markets and the ability of the Company to complete an equity raise.

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 9, 2020	
Authorized	Unlimited
Issued and outstanding shares	409,658,719
Options outstanding	28,751,796
Warrants	33,900,882
Performance Share Units outstanding	2,000,000
Restricted Share Units outstanding	1,019,131
Convertible Debt	97,410,000
Fully diluted	572,740,528

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

Independent auditor's report

To the Shareholders of Noront Resources Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Noront Resources Ltd. and its subsidiary (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to 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. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Michael Hawtin.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 9, 2020

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

	Note	As at December 31, 2019	As at December 31, 2018
Assets			
Current Assets			
Cash and cash equivalents	6	$ 7,331,777	$ 5,569,465
Taxes and other receivables		41,944	99,806
Supplies inventory		92,859	223,558
Prepaid expenses		23,416	101,776
Total Current Assets		$ 7,489,996	$ 5,994,605
Non-Current Assets			
Equipment	7	1,096,142	1,189,086
Mineral properties	8	25,418,065	25,418,065
Investments		253,100	365,600
Right-of-use asset	9a	331,422	-
Option to lease	13b(iv)	257,250	-
Total Non-Current Assets		$ 27,355,979	$ 26,972,751
Total Assets		$ 34,845,975	$ 32,967,356
Liabilities and Shareholders' Deficit			
Current Liabilities			
Accounts payable and accrued liabilities	10	$ 815,671	$ 1,128,832
Loan Facilities - due to Resource Capital Funds V L.P.	11a	-	18,135,019
Repayment option	11b	4,621,680	424,920
Flow-through share liability		865,963	423,514
Short-term portion of lease obligation	9b	126,932	-
Total Current Liabilities		$ 6,430,246	$ 20,112,285
Non-Current Liabilities			
Provision for environmental obligations	12	1,991,440	1,867,054
Loan Facilities - due to Resource Capital Funds V L.P.	11a	16,736,732	-
Loan Facilities - due to Franco-Nevada Corporation	11c	36,383,986	40,071,502
Long-term portion of lease obligation	9b	248,593	-
Total Non-Current Liabilities		$ 55,360,751	$ 41,938,556
Total Liabilities		$ 61,790,997	$ 62,050,841
Shareholders' Deficit			
Capital stock	13b	$ 217,826,449	$ 211,671,420
Warrants	13d	2,038,767	2,402,290
Contributed surplus		38,196,321	36,669,673
Deficit		(285,006,559)	(279,826,868)
Total Shareholders' Deficit		$ (26,945,022)	$ (29,083,485)
Total Liabilities and Shareholders' Deficit		$ 34,845,975	$ 32,967,356

Nature of Business and Going Concern (Note 1)
Commitments and Contingencies (Note 16)
Subsequent Events (Note 19)

Approved on behalf of the Board of Directors:

(Signed) ***"Paul Parisotto"***
Director

(Signed) ***"John Pollesel"***
Director

NORONT

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

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

	Note	Year Ended **December 31, 2019**	December 31, 2018
Expenses			
Development and exploration expenditures	**18a**	**$ 5,744,672**	$ 7,123,248
Office and general	**18b**	**2,878,923**	3,195,109
Amortization		**357,359**	300,359
Share-based compensation	**13c, e**	**1,128,375**	1,152,547
Loss before finance items and other gains		**$ (10,109,329)**	$ (11,771,263)
Interest income and other income		**33,991**	50,411
Finance expense		**(4,772,055)**	(4,431,708)
Flow-through share premium		**936,399**	962,777
Gain on loan modification	**11a**	**801,714**	3,648,477
Gain on loan extinguishment	**11c**	**7,241,336**	-
Gain on sale of mineral property		**-**	150,000
Gain on sale of royalty		**4,972,383**	-
Accretion expense		**(6,033,299)**	(5,595,478)
Re-measurement of repayment option	**11b**	**(1,488,742)**	1,621,439
Foreign exchange gain (loss)		**3,350,411**	(4,520,821)
Net loss and other comprehensive loss		**$ (5,067,191)**	$ (19,886,166)
Other comprehensive loss			
Changes in fair value of investments in equity securities		**(112,500)**	-
Comprehensive loss		**$ (5,179,691)**	$ (19,886,166)
Loss per share - basic and diluted	**15**	**$ (0.01)**	$ (0.06)

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

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

	Common Shares	Capital Stock	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2017	**345,061,661**	**$ 201,181,223**	**$ 2,205,734**	**$ 36,279,458**	**$ (260,886,262)**	**$ (21,219,847)**
IFRS 9 adjustment					**945,560**	**945,560**
Restated balance, January 1, 2018					**$ (259,940,702)**	**(20,274,287)**
Issuance of interest shares	4,559,450	1,545,360	-	-	-	1,545,360
Issuance of shares	5,771,510	1,683,040	-	-	-	1,683,040
Issuance of warrants	-	-	196,586	(196,586)	-	-
Share-based compensation	-	-	-	1,152,547	-	1,152,547
Exercise of RSU	334,517	83,629	-	(83,629)	-	-
Exercise of options	4,103,334	1,393,017	-	(482,117)	-	910,900
Exercise of warrants	500	230	(30)	-	-	200
Issuance of Flow-through shares	18,545,820	6,707,785	-	-	-	6,707,785
Flow-through share premium	-	(922,864)	-	-	-	(922,864)
Net loss for the period	-	-	-	-	(19,886,166)	(19,886,166)
Balance, December 31, 2018	**378,376,792**	**$ 211,671,420**	**$ 2,402,290**	**$ 36,669,673**	**$ (279,826,868)**	**(29,083,485)**

	Common Shares	Capital Stock	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2018	**378,376,762**	**$ 211,671,420**	**$ 2,402,290**	**$ 36,669,673**	**$ (279,826,868)**	**$ (29,083,485)**
Issuance of interest shares (Note 11(a)(ii)(iii)(iv),13(b)	6,499,242	1,599,261				1,599,261
Share-based compensation (Note 13c,e)				1,128,375		1,128,375
Exercise of RSU	200,000	50,000		(50,000)		-
Issuance of warrants			443,246	(358,496)		84,750
Issuance of Flow-through units (Note 13 b(i),(v))	19,030,807	5,410,546				5,410,546
Flow-through share premium		(1,378,848)				(1,378,848)
Transaction costs - paid in shares		(213,713)				(213,713)
Issuance of shares (Note 13b (ii)(iii)(iv)(v)(vi)(vii))	2,952,917	687,783				687,783
Expiry of warrants			(806,769)	806,769		-
Net loss for the period					(5,179,691)	(5,179,691)
Balance, December 31, 2019	**407,059,728**	**$ 217,826,449**	**$ 2,038,767**	**$ 38,196,321**	**$ (285,006,559)**	**$ (26,945,022)**

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

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

	Note	Year Ended December 31, 2019	December 31, 2018
Operating activities			
Net loss for the period		**$ (5,067,191)**	$ (19,886,166)
Amortization		**357,359**	300,359
Share-based compensation	**13c, e**	**1,128,375**	1,152,547
Accretion expense		**6,033,299**	5,595,478
Flow-through share premium		**(936,399)**	(962,777)
Issuance of interest shares		**1,599,261**	1,545,360
Re-measurement of repayment option		**1,488,742**	(1,621,439)
Issuance of shares (non-cash)		**430,283**	105,000
Accrued interest on long term debt	**11b**	**3,078,848**	2,803,114
Gain on loan modification		**(801,714)**	(3,648,477)
Gain on loan extinguishment		**(7,241,336)**	-
Gain on sale of mineral property		**-**	(150,000)
Gain on sale of royalty		**(4,972,383)**	-
Unrealized foreign exchange (gain) loss		**(3,349,381)**	4,516,065
Net change in non-cash working capital:			
Taxes and other receivables		**57,862**	(38,813)
Supplies inventory		**130,699**	(140,879)
Prepaid expenses		**78,360**	4,780
Accounts payable and accrued liabilities		**(376,547)**	77,377
Flow-through share proceeds on sale of tax benefits		**1,378,848**	922,864
Net cash used in operating activities		**$ (6,983,015)**	$ (9,425,607)
Investing activities			
Acquisition of equipment		**(73,451)**	(85,859)
Proceeds on sale of mineral properties		**-**	75,000
Proceeds on sale of royalties, net of costs		**4,972,383**	-
Net cash provided by (used in) investing activities		**$ 4,898,932**	$ (10,859)
Financing activities			
Private placement, net of costs and sale of tax benefits		**3,902,985**	7,362,961
Proceeds from exercise of options		**-**	910,900
Proceeds from exercise of warrants		**-**	200
Lease payments		**(105,793)**	-
Lease inducement		**49,387**	-
Net cash provided by financing activities		**$ 3,846,579**	$ 8,274,061
Change in cash and cash equivalents		**1,762,496**	(1,162,405)
Effect of foreign exchange rates on cash and cash equivalents		**(184)**	10,062
Cash and cash equivalents, beginning of period		**5,569,465**	6,721,808
Cash and cash equivalents, end of period		**$ 7,331,777**	$ 5,569,465

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

Noront Resources Ltd.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the year ended December 31, 2019

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 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, 2019. At December 31, 2019, the Company had not yet achieved profitable operations, had an accumulated deficit of $285.0 million since inception (December 31, 2018, – $279.8 million), expects to incur further losses in the development of its business, and had a positive net working capital of $6.5 million. Net working capital includes all current assets and current liabilities, and excludes the flow-through share liability of $0.9 million and the repayment option of $4.6 million. Included in accounts payable and accrued liabilities is $0.4 million of current liabilities which will be settled in cash, and $0.4 million in interest expense which was settled in shares subsequent to the year end.

On December 23, 2019, the Company finalized the extension on the terms of its USD $15 million convertible loan facility with RCF. The maturity date has been extended to September 30, 2021. The loan facililty continues to be convertible into common shares of the Company at the option of RCF, with the conversion price having been set at $0.20 per common share (previously $0.34 per common share) with all other terms and conditions remaining the same. The Company will need to raise funds, negotiate an extension on the terms of its convertible loan facility or the holder has to convert the loan to equity as the Company does not have the cash nor cash flow to repay the facility.

The Company has a USD $28.0 million loan facility, including accrued interest, with Franco-Nevada Corporation ("Franco"). The Franco loan is held within a subsidiary company and is secured against certain chromite assets acquired in 2015 with limited recourse to the Company. On December 23, 2019, the Company finalized an extension to the Franco loan facility to September 30, 2022 with all other terms and conditions remaining the same. In addition, the Company sold a 1% gross revenue royalty on the Eagle's Nest Nickel-Copper-PGM deposit for CAD $5 million to Franco. The proceeds from the sale of the royalty will be used to advance the Eagle's Nest Project, the Chromite Projects and for general working capital purposes.

At December 31, 2019, the Company has a flow-through commitment to spend $2.8 million during the year on Canadian Exploration Expenditures by December 31, 2020 as a result of a $3.5 million Flow-Through financing completed on April 12, 2019 and a $1.975 million Flow-Through financing completed on November 20, 2019.

The Company’s ability to continue as a going concern is dependent upon its ability to repay or refinance its long term debt facilities and obtain the necessary financing to meet its ongoing corporate overhead expenditures as well as advance the exploration of its claims and development of its projects in the ROF. Although the Company has been successful in the past in refinancing its debt and obtaining equity financing, there is no assurance that it will be able to do so in the future or that such arrangements will be on terms advantageous to the Company. These material uncertainties cast significant doubt upon the Company’s ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These 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.

Noront Resources Ltd.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the year ended December 31, 2019

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 8, 2020.

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., Noront Muketei Minerals Ltd. (NMM) and Meekahnah Development Corp. NMM was formed as result of the acquisition of certain chromite assets. All intercompany balances and transactions have been eliminated upon consolidation.

b) Functional and Presentation Currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"), which was determined to be Canadian dollars for all entities. The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. Transactions in currencies other than the Canadian dollar are translated at rates of exchange at the time of the transactions as follows:

i) Monetary assets and liabilities are translated at current rates of exchange with the resulting gains or losses recorded in foreign exchange gain/loss in the statement of loss and comprehensive loss;

ii) Non-monetary items are translated at historical exchange rates;

iii) Expense items are translated at the average rates of exchange with any gains or losses recognized within foreign exchange gain/loss in the statements of loss and comprehensive loss.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

d) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, investments, taxes and other receivables, accounts payable and accrued liabilities, loan facilities and related repayment option.

The carrying value of the instruments classified as current assets and liabilities approximates their fair values due to their short-term nature.

Investments in publicly traded companies, which do not trade in an active market, are designated as financial assets at fair value through other comprehensive income ("FVOCI") and are measured at fair value. Fair value is based on the market values of comparable companies, if such information is readily available, or by reference to recent transactions involving assets held by a comparable Company with adjustments for differences in mineral resources for the assets.

The three levels of fair value hierarchy are:

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

The repayment option is measured at fair value and classified as Level 2 (Note 11c).

Noront Resources Ltd.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the year ended December 31, 2019

3. Significant Accounting Policies (Continued)

d) Financial Instruments

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.

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 statements of loss and comprehensive 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.

Noront Resources Ltd.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the year ended December 31, 2019

3. Significant Accounting Policies (Continued)

h) Mineral Properties, Development and Exploration Expenditures (Continued)

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.

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

The Company determines if an arrangement is a lease at contract inception by evaluating if the contract coveys the right to control the use of identified assets during the period of use. A right of use ("ROU") asset represents the Company's right to use an identified asset for the lease term and a lease liability represents the Company's obligation to make payments as set forth in the lease agreement. ROU assets and lease liabilities are included on the Company's statement of financial position beginning January 1, 2019 and are recognized based on the present value of the future lease payments at the lease commencement date over the expected lease term which includes options to extend or terminate the lease when it is reasonably certain those options will be exercised. The interest rate used to determine the present value of the future lease payments is the Company's incremental borrowing rate at lease inception, because the interest rate implicit in the lease is generally not readily determinable. An ROU asset initially equals the lease liability, adjusted for any lease payments made prior to lease commencement and any lease incentives. All leases are recorded on the statement of financial position except for leases with an initial term of less than 12 months. All of the Company's leases are operating leases. Operating lease expense is generally recognized on a straight-line basis over the remaining useful life as of January 1, 2019 and is recorded in development and exploration expenditures and office and general expense in the statements of loss and comprehensive loss.

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.

3. Significant Accounting Policies (Continued)

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.

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. On an annual basis, this is reviewed 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 consolidated 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 statement of financial position 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 and comprehensive 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 one reporting segment engaged in the development and exploration of minerals in Canada.

(Expressed in Canadian dollars, unless otherwise noted)

3. Significant Accounting Policies (Continued)

r) New and Amended Standards Adopted by the Company (Continued)

IFRS 16 Leases ("IFRS 16")

The Company adopted the requirements of IFRS 16 as of January 1, 2019 using the modified retrospective approach, whereby the Company is not required to restate comparative amounts, and there is no impact on opening deficit.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the exclusion of low value leases;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

When measuring initial lease obligations as at January 1, 2019, the Company discounted lease payments using a discount rate of 7.5%.

	January 1, 2019
Operating lease commitments disclosed as at December 31, 2018	$ 1,210,194
Application of IFRS 16 and practical expedients	(508,805)
Mining lease	(184,515)
Application of discount rate	(170,740)
Lease obligation recognized using 7.5% discount rate	$ 346,134

Starting from January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. The lease obligation is measured at the net present value of the future periodic lease payments, discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

The right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease obligation, plus any lease payments made at or before the commencement date and any initial direct costs incurred, less any lease incentives received. The right-of-use asset is depreciated over the lesser of the right-of-use asset's useful life and the lease term on a straight-line basis. Interest accretion expense of the discount on the lease obligation is charged to the consolidated statements of loss and comprehensive loss using the effective interest method as finance expense. Cash payments for the principal portion of the lease payments relating to the lease obligation are classified as financing activities in the consolidated statements of cash flows. See Note 9 for additional lease disclosure.

3. Significant Accounting Policies (Continued)

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.

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.

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3. Significant Accounting Policies (Continued)

s) Critical Accounting Estimates and Judgments (Continued)

Stock Options, Warrants

The Black-Scholes option pricing 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 11b 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 11(c).

Asset Acquisition

The assessment of whether an acquisition meets the definition of a business, or whether assets are acquired is an area of key judgment. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. Any excess of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The acquisition of a business generally has three elements:

Input – an economic resource that creates outputs when one or more processes are applied to it;
Process – a system, standard, protocol, convention or rule that when applied to an input or inputs, creates outputs; and
Output – the result of inputs and processes applied to those inputs.

The acquisition of chromite assets in 2015 is accounted for in these consolidated financial statements as an asset acquisition since the process and output elements of a business combination were not present at the acquisition date. The acquired assets are recorded at fair value on the acquisition date.

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4. Capital Management

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

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

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

i) minimizing discretionary disbursements;
ii) reducing or eliminating expenditures which are of limited strategic value; and
iii) exploring 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, 2019. The Company is not subject to externally imposed capital requirements.

5. Property and Financial Risk Factors

a) Property Risk

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

b) Financial Risk

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

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

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents consist of cash on hand, term deposits and savings accounts with reputable financial institutions with strong credit ratings which are closely monitored by management.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2019, the Company had cash and cash equivalents and taxes receivable balances of $7,373,721 (December 31, 2018 - $5,669,271) to settle current liabilities of $6,430,246 (December 31, 2018 - $20,112,285). The Company also has a flow-through commitment to spend $2.8 million on Canadian Exploration Expenditures by December 31, 2020 which will be fulfilled using existing cash.

The loan facility is convertible into equity with a conversion price of $0.20 per share at the option of RCF anytime prior to September 30, 2021. 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).

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5. Property and Financial Risk Factors (Continued)

b) Financial Risk (Continued)

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, 2019, the Company had monetary assets and liabilities denominated in U.S. dollars as follows:

		December 31, 2019		December 31, 2018
Cash	**US $**	**2,811**	$	91,719
Loan Facilities	**US**	**(40,899,845)**		(42,667,146)
	US $	**(40,897,034)**	$	(42,575,427)

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. 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, 2019, 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.

c) Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period.

i) The Company has cash balances and a loan facility in foreign currencies that give rise to exposure to foreign exchange risk. Sensitivity to a 1% change in the foreign currency exchange rate would have affected the net loss by approximately $0.5 million for the year ended December 31, 2019 (December 31, 2018 - $0.6 million).

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6. Cash and Cash Equivalents

Cash and cash equivalents consist of:	**December 31, 2019**	December 31, 2018
Cash deposits and restricted cash	**$ 7,231,421**	$ 5,467,526
Guaranteed investment certificate	**100,356**	101,939
	$ 7,331,777	$ 5,569,465

Cash includes restricted cash consisting of $3,892, which is money held in trust for third party donations to First Nation communities (December 31, 2018 - $20,594).

7. Equipment

December 31, 2019	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 5,051,458	$ 115,027	$ 200,287	$ 5,366,772
Accumulated Amortization	(3,972,866)	(106,409)	(191,355)	(4,270,630)
Closing Net Book Value	$ 1,078,592	$ 8,618	$ 8,932	$ 1,096,142
Opening Net Book Value	$ 1,167,148	$ 10,773	$ 11,165	$ 1,189,086
Additions	73,451	-	-	73,451
Re-measurement of provision[1]	90,457	-	-	90,457
Amortization	(252,464)	(2,155)	(2,233)	(256,852)
Closing Net Book Value	$ 1,078,592	$ 8,618	$ 8,932	$ 1,096,142

December 31, 2018	Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost	$ 4,865,605	$ 115,027	$ 200,287	$ 5,180,919
Accumulated Amortization	(3,698,457)	(104,254)	(189,122)	(3,991,833)
Closing Net Book Value	$ 1,167,148	$ 10,773	$ 11,165	$ 1,189,086
Opening Net Book Value	$ 1,400,921	$ 13,191	$ 13,671	$ 1,427,783
Additions	85,859	-	-	85,859
Re-measurement of provision	(24,197)	-	-	(24,197)
Amortization	(295,435)	(2,418)	(2,506)	(300,359)
Closing Net Book Value	$ 1,167,148	$ 10,773	$ 11,165	$ 1,189,086

[1]A re-measurement of the McFauld's Lake and Butler Lake property asset retirement obligations was recognized due to changes in the estimated future cash flows and discount rate used to calculate the obligation as further described in Note 12.

(Expressed in Canadian dollars, unless otherwise noted)

8. Mineral Properties

		December 31, 2019	December 31, 2018
(i)	McFauld's Lake Property - "Ring of Fire", James Bay Lowlands, Northeastern Ontario	**$ 24,654,708**	$ 24,654,708
(ii)	Butler and Sanderson Properties - "Ring of Fire", James Bay Lowlands, Northeastern Ontario	**763,357**	763,357
		$ 25,418,065	$ 25,418,065

McFauld's Lake

Eagle's Nest, Nickel, Copper, PGM Deposit

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

RCF holds a separate 1% NSR over the Eagle's Nest deposit and Franco holds a 1% Gross Revenue Royalty over the Eagle's Nest deposit.

Big Daddy, Black Thor, Black Label and Other Properties

These properties are subject to the following royalties granted to Franco Nevada:
a) 2% Gross Smelter Royalty (GSR) on all of the Company's chromite properties, except for Black Thor which has a 3% GSR; this can be reduced to 2% if the Company grants royalties on certain other claims in the Ring of Fire.
b) 2% NSR over all other minerals of the Company's properties, excluding the Company's Eagle's Nest deposit and its McFauld's Lake VMS deposit.

The Black Thor and Big Daddy Chromite Deposits have a 2% NSR half of which can be bought back any time prior to production for $1 million.

There is a 1.5% NSR on certain claims including the McFaulds Lake VMS deposits.

Butler and Sanderson Properties

The Company has a 75% interest in the Butler and Sanderson Properties located in the ROF. MacDonald Mines Ltd. ("MacDonald") will have a 25% carried interest until the issuance of a NI 43-101 compliant resource on one of the properties, at which time MacDonald will have the option to convert the carried interest into a 1% NSR (the "Conversion Right"). If MacDonald does not elect to exercise its conversion right, the Company can elect to buy MacDonald's 25% interest for $3.0 million (the "Buy-back Right"), payable in cash or shares at the option of the Company. If neither the Conversion Right nor Buy-back Right are exercised, a Joint Venture arrangement will be formed between the parties to develop the properties.

There is a 2% NSR over 107 claims which comprise part of the Butler Property, half of which can be bought back for $1 million.

Other Royalties

On other claims which do not currently have known deposits, there is a 2% NSR of which half can be bought back for $1 million and on other certain claims there is a 0.7522% NSR.

(Expressed in Canadian dollars, unless otherwise noted)

9. Leases

a) **Right-of-Use Asset**

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

	December 31, 2019
Opening balance, January 1, 2019	$ 346,134
Additions	85,797
Amortization for the period	(100,509)
Closing balance	$ 331,422

b) **Lease Obligation**

The Company has calculated the lease obligation based on the net present value of the future lease payments.

The obligation was calculated using the following assumptions:

Payments	Fixed payments, less any leasehold inducements receivable
Discount rate	7.5%

For the year ended December 31, 2019, interest of $33,907 was paid on the lease obligations.

	December 31, 2019
Opening lease obligation	$ 346,134
Additions	85,797
Payments	(105,793)
Lease inducements	49,387
Closing lease obligation	$ 375,525

	December 31, 2019
Short-term portion of lease obligation	$ 126,932
Long-term portion of lease obligation	248,593
Total lease obligation	$ 375,525

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10. Accounts Payable and Accrued Liabilities

		December 31, 2019	December 31, 2018
Accounts payable		$ 217,458	$ 98,439
Accrued liabilities		206,545	621,253
Accrued interest payable	11(a)(iv)	391,668	409,140
		$ 815,671	$ 1,128,832

11. Loan Facilities

	December 31, 2019	December 31, 2018
Current portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	$ -	$ 18,135,019
Repayment option (c)	4,621,680	424,920
	4,621,680	18,559,939
Long term portion of loan facilities		
Debt agreement with related party - February 26, 2013 (a)(i)	16,736,732	-
Long term loan (b)	36,383,986	40,071,502
Total Loan Facilities	$ 57,742,398	$ 58,631,441

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

(i) On February 26, 2013, the Company entered into a loan facility with Resource Capital Funds V L.P. ("RCF" or "the Lender"), which as of December 31, 2019 owns approximately 20.8% of the Company's common shares, in the aggregate principal amount of US$15.0 million (the “Facility”) with interest compounding quarterly at an annual interest rate of 8%. Interest is accrued on a quarterly basis. On February 25, 2014, the Facility automatically rolled into a convertible loan (the "Convertible Loan").

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

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

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

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11. Loan Facilities (Continued)

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

Loan facility	**December 31, 2019**	December 31, 2018
Beginning balance	**$ 18,135,019**	**$ 18,292,595**
Adjustment - Adoption of IFRS 9	**-**	**(945,560)**
Balance, January 1, 2019	**18,135,019**	**17,347,035**
Transaction costs - cash	**(34,136)**	**-**
Accretion of loan facility	**2,969,235**	**2,958,285**
Foreign exchange (gain) loss	**(598,186)**	**1,478,176**
Gain on loan modification	**(801,714)**	**(3,648,477)**
Balance, December 23, 2019 - prior to loan extinguishment	**19,670,218**	**18,135,019**
Allocation to repayment option	**(2,708,018)**	**-**
Balance, December 23, 2019 - New loan facility	**16,962,200**	**18,135,019**
Transaction costs - cash	**(29,250)**	**-**
Accretion of loan facility	**25,814**	**-**
Foreign exchange (gain) loss	**(222,032)**	**-**
Balance, end of period	**$ 16,736,732**	**$ 18,135,019**

(ii) On January 10, 2019, the Company satisfied the payment of interest of $409,140 for the fourth quarter of 2018 through issuance of 1,760,499 common shares of the Company. The interest shares were subject to a four month hold period, which expired on May 11, 2019.

(iii) On April 10, 2019, the Company satisfied the payment of interest of $400,968 for the first quarter of 2019 through issuance of 1,448,061 common shares of the Company. The interest shares are subject to a four month hold period, which expired on August 11, 2019.

(iv) On July 11, 2019, the Company satisfied the payment of interest of $392,421 for the second quarter of 2019 through issuance of 1,649,938 common shares of the Company. The interest shares are subject to a four month hold period, which expired on November 12, 2019.

(v) On October 10, 2019, the Company satisfied the payment of interest of $396,732 for the third quarter of 2019 through issuance of 1,640,744 common shares of the Company. The interest shares are subject to a four month hold period, which expired on February 11, 2020.

(vi) As at December 31, 2019, the Company had accrued interest in the amount of $391,668 for the fourth quarter of 2019.

b) **Repayment Option**

The Convertible Loan contains an embedded derivative related to the Lender's option to convert the loan into common shares of the Company ("Repayment Option"). The Repayment Option is classified as a current liability since the Lender's option to convert may be exercised at any point during the term of the Convertible Loan. The fair value assigned to the convertible feature is valued with the main inputs to the valuation being the USD discount curve, the credit spread of the Company, the historical prices of the Company's underlying stock in order to calculate the volatility, and the forward CAD/USD foreign exchange rates.

At December 31, 2019, the fair value attributed to the convertible feature was $4,621,680 (December 31, 2018 - $424,920).

(Expressed in Canadian dollars, unless otherwise noted)

11. Loan Facilities (Continued)

c) **Loan Facilities - Due to Franco-Nevada Corporation**

On April 28, 2015, Noront Muketei Minerals Ltd, a 100% owned subsidiary of the Company, entered into a loan agreement with Franco-Nevada in order to fund the acquisition of a subsidiary of Cliffs Natural Resources which held chromite deposits and other mining interests in the Ring of Fire (the "Cliffs Transaction"). The Franco-Nevada Loan ("Long Term Loan") is a US$25 million five year loan with interest compounding quarterly at an annual interest rate of 7%. Interest is accrued on a quarterly basis and presented as part of the loan. Payment of both principal and accrued interest was due at the end of the five year term. The loan is secured against the assets acquired in the Cliffs Transaction with limited recourse to the Company. At initial recognition, the Long Term Loan was recorded at fair value less transaction costs at a value of $19.7 million. Subsequent to initial recognition, the long term loan is carried at amortized cost.

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

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

	December 31, 2019	December 31, 2018
Balance, beginning of period	**$ 40,071,502**	**$ 31,622,186**
Accrued loan interest	**3,007,959**	**2,803,114**
Accretion of loan facility	**2,942,400**	**2,598,252**
Foreign exchange (gain) loss	**(2,047,113)**	**3,047,950**
Gain on loan extinguishment	**(7,241,336)**	**-**
Balance, December 23, 2019	**36,733,412**	**40,071,502**
Accrued loan interest	**70,889**	**-**
Accretion of loan facility	**61,920**	**-**
Foreign exchange (gain) loss	**(482,235)**	**-**
Balance, end of period	**$ 36,383,986**	**$ 40,071,502**

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12. Provision for Environmental Obligations

McFauld's Lake and Butler Lake

The Company has established a provision of $1,778,422 and $213,018 representing the estimated present value of its future environmental expenditure for McFauld's Lake and Butler Lake respectively. These costs are not expected to be incurred within the next twelve months.

The provision is based upon the following estimates and assumptions:

a) Total undiscounted future demobilization cost is $2,080,802 for McFaulds Lake (December 31, 2018 - $1,945,233) and $243,788 for Butler Lake (December 31, 2018 - $235,550).
b) Nominal risk-free pre-tax discount rate of 1.76% (December 31, 2018 - 2.13%)
c) Demobilization cost expected to be incurred in 10 years (December 31, 2018 - 10 years)

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

	December 31, 2019	December 31, 2018
Balance, beginning of period	**$ 1,867,054**	$ 1,852,310
Accretion expense for the period	**33,929**	38,941
Re-measurement of provision	**90,457**	(24,197)
Balance, **December 31, 2019**	**$ 1,991,440**	$ 1,867,054

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

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13. Capital Stock

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

(b) Issued

	Number of Shares	Value
Balance, January 1, 2018	345,061,661	$ 201,181,223
Issue of flow-through shares, net of costs	18,545,820	6,707,785
Flow-through share premium	-	(922,864)
Exercise of RSU	334,517	83,629
Issue of shares	5,771,510	1,683,040
Issue of interest shares	4,559,420	1,545,360
Exercise of options	4,103,334	1,393,017
Exercise of warrants	500	230
Balance, December 31, 2018	378,376,762	$ 211,671,420
Issue of flow-through shares, net of costs (i), (v)	19,030,807	5,410,546
Flow through share premium	-	(1,378,848)
Transaction costs - paid in shares	-	(213,713)
Exercise of RSU	200,000	50,000
Issue of shares (ii)	603,334	187,033
Issue of shares (iii)	483,333	105,000
Issue of shares (iv)	750,000	172,500
Issue of shares (v)	425,000	85,000
Issue of shares (vi)	491,250	98,250
Issue of shares (vii)	200,000	40,000
Issue of interest shares (Note 11 a (i)(ii)(iii))	6,499,242	1,599,261
Balance, **December 31, 2019**	**407,059,728**	$ 217,826,449

(i) On April 12, 2019, the Company closed a private placement of 11,130,807 Flow-Through Units at a price of $0.31 per Flow-Through Unit for gross proceeds of $3.45 million. The securities issuable pursuant to the Flow-Through Unit Offering are subject to a statutory hold period of four months plus one day which expired on August 13, 2019.

(ii) On April 12, 2019, in connection with the Flow-Through private placement, the Company issued 603,334 common shares at a price of $0.31 per common share in satisfaction of advisory and finder's fees. The common shares were subject to a statutory hold period of four months plus one day which expired on August 13, 2019.

(iii) On August 20, 2019, the Company issued 333,333 shares to Marten Falls First Nation under the terms of a Project Advancement Agreement and 150,000 shares to Aroland First Nation under the terms of a Memorandum of Understanding.

(iv) On September 26, 2019, the Company issued Algoma Steel Inc. 750,000 common shares and 750,000 warrants to purchase common shares for a 5 year option to enter into a 99 year ground lease agreement on a parcel of land owned by Algoma Steel Inc.

(v) On November 20, 2019, the Company issued 7,900,000 Flow-Through shares for a gross proceeds of $1,975,000 and 425,000 units for gross proceeds of $85,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at at price of $0.30 until November 20, 2021.

(vi) On November 20, 2019, in connection with the Flow-Through private placement, the Company issued 491,250 common shares at a price of $0.20 per common share in satisfaction of finder's fees. The common shares were subject to a statutory hold period of four months plus one day which expired on March 21, 2020.

(vii) On December 2, 2019, the Company issued 200,000 units at an issue price of $.20 per unit in satisfaction of consulting fees of $40,000. Each unit consists of one common share of the Company and one common share purchase warrant. The issued shares are subject to a four month hold period which expired on April 3, 2020.

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13. 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, 2019, share-based compensation of $1,120,677 was charged to net income (year ended December 31, 2018 - $1,114,419) related to stock options.

(i) On February 26, 2019, the Company granted 5,277,520 incentive stock options to management and employees of the Company at an exercise price of $0.30. The share price on February 26, 2019 was $0.30.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	67.92%
Risk free interest rate	1.76%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $907,733.

(ii) On April 12, 2019, the Company granted 1,500,000 incentive stock options to the directors of the Company at an exercise price of $0.26. The share price on April 12, 2019 was $0.26.

The fair value assigned was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	67.50%
Risk free interest rate	1.60%
Expected life	5 years
Forfeiture rate	3%

The stock options were assigned a value of $222,000.

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13. Capital Stock (Continued)

(c) Stock Options (Continued)

The weighted-average remaining contractual life and weighted average exercise price of options outstanding and options exercisable as at December 31, 2019 are as follows:

Number of Stock Options Outstanding	Black-Scholes Value	Exercise Price	Remaining Contractual Life (Years)	Number of Stock Options Exercisable	Expiry Date
725,000	224,025	$ 0.55	0.25	725,000	March 2020
1,500,000	367,500	$ 0.44	0.47	1,500,000	June 2020
300,000	59,100	$ 0.35	0.65	300,000	August 2020
1,275,000	248,625	$ 0.34	1.23	1,275,000	March 2021
400,000	76,000	$ 0.33	1.29	400,000	April 2021
416,253	74,509	$ 0.31	1.52	416,253	July 2021
4,103,417	582,685	$ 0.25	2.16	3,314,853	February 2022
300,000	39,000	$ 0.23	2.27	200,000	April 2022
600,000	121,200	$ 0.35	2.44	400,000	June 2022
400,000	63,600	$ 0.28	2.88	266,667	November 2022
4,131,532	863,490	$ 0.35	3.15	3,691,550	February 2023
1,000,000	209,000	$ 0.35	3.15	666,667	February 2023
5,277,520	907,733	$ 0.30	4.16	4,274,091	February 2024
1,500,000	222,000	$ 0.26	4.28	500,000	April 2024
21,928,722	**$ 4,058,467**	**$ 0.32**	**2.76**	**17,930,081**	

The following table summarizes the stock option transactions for the year ended December 31, 2019.

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

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

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13. Capital Stock (Continued)

(d) Warrants

The following table lists the Company's warrants as at December 31, 2019.

	Number of Warrants	Weighted-Average Exercise Price
Balance, December 31, 2018	44,686,422	$ 0.44
Expiry of Warrants	(17,545,442)	$ 0.51
Private Placement Warrants	6,009,902	$ 0.30
Option to lease Warrants	750,000	$ 0.03
Warrants for debt	200,000	$ 0.30
Balance, **December 31, 2019**	**34,100,882**	$ 0.39

On April 12, 2019, 5,565,402 warrants were issued as a result of the private placement (Note 13 (b)(i)). Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.34 per share on or before April 12, 2021. The fair value of the warrants were calculated using the following assumptions:

Expected volatility	61.42%
Risk Free interest rate	1.67%
Expected life	2 years

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

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

On November 20, 2019, 425,000 warrants were issued as a result of a private placement. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.30 per share on or before November 20, 2021. As a finder's fee of the November 20, 2019 private placement, 19,500 warrants were issued. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.20 price per share on or before November 20, 2021. The fair value of the warrants were calculated using the following assumptions:

Expected volatility	54.43%
Risk Free interest rate	1.54%
Expected life	2 years

On December 2, 2019, 200,000 warrants were issued in satisfaction of consulting fees. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.30 per share on or before December 2, 2021. The fair value of the warrants were calculated using the following assumptions:

Expected volatility	55.39%
Risk Free interest rate	1.63%
Expected life	2 years

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13. Capital Stock (Continued)

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

For the year ended December 31, 2019, share-based compensation of $7,698 was charged to net income for PSUs and RSUs (year ended December 31, 2018 - $38,128).

The following tables list the Company's PSUs and RSUs as at December 31, 2019. During the year ended December 31, 2019, no PSUs or RSUs expired.

Performance Share Units	Number of PSUs	Value at grant
At **December 31, 2019** and December 31, 2018	**3,000,000**	**$ 455,095**

Restricted Share Units	Number of RSUs	Value at grant
At December 31, 2018	665,483	$ 159,671
Exercise of RSUs	(200,000)	(50,000)
At **December 31, 2019**	**465,483**	**$ 109,671**

14. 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, 2019	Year Ended December 31, 2018
Statutory tax rate	**26.50 %**	26.50 %
Loss before recovery of income taxes	**$ (5,067,191)**	$ (19,886,166)
Expected income tax recovery	**(1,342,806)**	(5,269,834)
Permanent differences	**50,874**	50,289
Renounced expenditures	**1,437,771**	1,795,541
Share issuance costs booked through equity	**(60,610)**	(44,713)
Benefits of tax attributes not recognized	**(85,229)**	3,468,717
Total tax recovery	**$ -**	$ -

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14. 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, 2019	Year Ended December 31, 2018
Deductible Temporary Differences		
Mineral properties and capital assets	**$ 272,643,463**	$ 272,664,545
Provision for environmental expenditure	**1,954,939**	1,867,054
Capital losses	**4,484,598**	4,484,598
Loss-carryforwards	**91,377,589**	88,384,596
Share issue costs	**885,053**	1,393,041
Loan facility and unaccreted amounts	**12,313,895**	16,274,482
ITC's	**25,417,902**	25,417,902
	$ 409,077,439	$ 410,486,218

At December 31, 2019, the Company had unclaimed non-capital income tax losses that expire as follows:

2021	$ 395,894
2022	1,003,520
2023	1,105,611
2024	1,352,175
2025	5,817,488
2026	3,634,907
2027	1,179,805
2028	7,160,174
2029	9,157,409
2030	6,804,658
2031	8,385,059
2032	7,238,483
2033	6,248,292
2034	5,524,743
2035	2,295,957
2036	5,196,635
2037	7,102,516
2038	7,694,109
2039	4,080,154
	$ 91,377,589

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15. Loss Per Share

	Year Ended December 31, 2019	December 31, 2018
Loss attributable to common Shareholders	**$ (5,067,191)**	$ (19,886,166)
Weighted average shares outstanding - basic	**392,288,330**	360,381,331
Loss per share - basic	**$ (0.01)**	$ (0.06)

As a result of the net loss for the year ended December 31, 2019, the potential effects of the exercise of stock options and the conversion of the RCF loan facility were anti-dilutive. Thus, basic loss per share and diluted loss per share are equal for these periods.

16. Commitments and Contingencies

a) Pursuant to the terms of flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As at December 31, 2019, the Company is committed to incurring $2.8 million in Canadian Exploration Expenditures by December 31, 2020.

b) Under the terms of leases, not subject to IFRS 16, including Noront's mining leases, leases for office space - including operating expenses, vehicles, and equipment, the Company is obligated to minimum annual rent and lease payments as follows:

	$
2020	251,126
2021	188,434
2022	170,883
2023	49,566
2024	15,394
2025 to 2038	166,312

c) As at December 31, 2019, the Company currently has agreements with several contractors that include provisions where the contractors provide up-front time with the understanding that if the Eagle's Nest Project proceeds into the construction stage, they will be granted a contract for the agreed scope of services. In some cases, the constructor may be reimbursed for the time incurred, or an amount agreed up front, if the project does not go ahead. As at December 31, 2019, the amount of this contingent liability is approximately $250,000.

17. Compensation of Key Management

	Year Ended December 31, 2019	December 31, 2018
Salaries, benefits and directors' fees	**$ 1,593,124**	$ 1,582,537
Share-based compensation	**1,039,648**	1,067,016
	$ 2,632,772	$ 2,649,553

Key management includes the 5 directors and 6 members of the executive management team (year ended December 31, 2018 - 6 directors and 6 members of the executive management team). Two members of key management are allocated to Development and Exploration Expenditures under Owner's Costs and four members of key management and the directors are included in Office and General.

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18. Supplementary Expense Information

		Year Ended	
		December 31, 2019	December 31, 2018
a)	**Development and Exploration Expenditures**		
	Owner's costs	**$ 146,495**	$ 300,336
	Exploration expenditures	**5,339,943**	6,287,869
	Community engagement & permitting	**245,343**	312,655
	Engineering, staking & other	**12,891**	222,388
		$ 5,744,672	$ 7,123,248

Included in development and exploration expenditures expenses for the year ended December 31, 2019 is $2,334,006 of salaries and benefits (year ended December 31, 2018 - $2,534,276) and $714,932 of fuel expenses (year ended December 31, 2018- $795,030). For the year ended December 31, 2019, $105,000 of costs included in community engagement and permitting, respectively, was paid in the Company's shares to two First Nation communities (year ended December 31, 2018 - $105,000 to one First Nation Community).

		Year Ended	
		December 31, 2019	December 31, 2018
b)	**Office and General:**		
	Salaries, benefits and directors' fees	**$ 1,663,469**	$ 1,715,275
	Employee severance	**32,332**	-
	Donations & sponsorships	**13,484**	15,774
	Administrative and other expenses	**370,200**	583,629
	Professional fees	**477,917**	503,433
	Communications & travel	**321,521**	376,998
		$ 2,878,923	$ 3,195,109

19. Subsequent Event

On January 10, 2020, the Company satisfied the payment of interest of $391,668 for the fourth quarter of 2019 through issuance of 2,598,991 common shares (the "Interest Shares) at an effective price of $0.1507 per Interest Share. The Interest Shares are subject to a four month hold period, expiring on May 11, 2020.

On February 27, 2020, the Board of Directors granted options to acquire an aggregate of 6,823,074 common shares of the Company to certain directors, officers, management and special advisors of the Company with 4,362,966 of these options vesting immediately and 2,460,108 of these options vesting over two years. These options have an exercise price of $0.145 per share, being the closing market price on the date of grant, and are exercisable for a period of five years.

The Board has also accelerated the expiry of 1,250,000 performance share units ("PSUs"), and issued 250,000 PSUs and 553,648 restricted share units ("RSUs") to management of the Company. The RSUs are convertible into common shares of the Company on the one year anniversary from the date of grant and the PSU's are convertible into common shares of the Company upon the achievement of certain performance objectives.

The global outbreak of the COVID-19 coronavirus continues to rapidly evolve. The extent to which the COVID-19 coronavirus may impact the Company's business and development will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in Canada, the United States and other countries, business closures or business disruptions, and the effectiveness of actions taken by governments around the globe to contain and treat the disease. It may also have an impact on capital markets and the ability of the Company to complete an equity raise.