



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED APRIL 30, 2010**

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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 financial year ended April 30, 2010, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles. This discussion should be read in conjunction with the consolidated financial statements and the notes thereto. 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](http://www.sedar.com) and the Company's website at [www.norontresources.com](http://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.

Unless otherwise indicated, a Qualified Person as defined by National Instrument 43-101, has reviewed and is responsible for the technical information contained in this MD&A.

This information is provided as at July 29, 2010.

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT**

This MD&A includes certain "forward-looking statements" within the meaning of applicable Canadian securities legislation. 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 statements.

When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Examples of such forward looking statements include statements regarding financial results and expectations for fiscal year 2011, 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, 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, resources and anticipated grades and recovery rates and are or may be based on assumptions and/or estimates related to future economic, market and other factors and conditions.

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 such statements will prove to be accurate as actual results and future events could differ materially from those reliant on forward-looking statements. Factors that could cause actual results, developments or events to differ materially from those anticipated include, among others, the factors described or referred to elsewhere herein, and include unanticipated and/or unusual events. Many of such factors are beyond Noront's ability to control or predict.

Readers of this MD&A are cautioned not to put undue reliance on forward-looking statements due to their inherent uncertainty. Noront disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. These forward looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this MD&A.

The risk factors which may impact the Company, its business, affairs and prospects are described in greater detail in the Company's most recent Annual Information Form filed on November 9, 2009 with Canadian securities regulators and available via SEDAR.

## **COMPANY OVERVIEW**

Noront is engaged in the acquisition, exploration and development of properties prospective in base and precious metals, including: nickel, copper, platinum group element metals ("PGE's"), chromite, gold and vanadium. The Company's focus is in the exploration and development of its properties at McFauld's Lake (the "McFauld's Lake Project"), in the James Bay Lowlands, Ontario within a geological feature (intrusion) referred to as the Ring of Fire ("ROF"). The Company owns a 100% interest in three nickel-copper-platinum group metal discoveries known as "Eagle's Nest", "Eagle Two", and "AT-12"; a chromite discovery known as "Blackbird"; a vanadium discovery known as "Thunderbird"; and a gold zone known as the "Triple J Gold Zone."

Noront controls mineral claims, held directly or indirectly, through joint ventures, optioned claims and earn-in programs of approximately 125,000 hectares (309,000 acres) in the Ring of Fire area making Noront the largest claim holder in the region.

## **OBJECTIVES AND STRATEGY**

### Objectives

The objectives for fiscal 2011 are to:

- define the extent of mineralization and increase the resource confidence at Eagle's Nest;
- continue to focus on exploration to increase the nickel, copper, platinum and palladium resources around Eagle's Nest and regionally in the Ring of Fire;
- consolidate prospective exploration ground within the Ring of Fire;
- complete technical studies to quantify project costs, risks, opportunities and economics of the Eagle's Nest deposit ;
- evaluate strategic alternatives for the Company's chromite deposits; and
- actively engage First Nations communities to identify future business and employment opportunities.

### Strategy

The Company's strategy is to:

- maintain a strong exploration program focused initially at or near the Eagle's Nest nickel, copper and platinum group element ("Ni-Cu-PGE") deposit, while evaluating regional exploration targets; the fiscal 2011 budget includes approximately \$20 million for exploration at Eagle's Nest and regionally;
- look for opportunities to consolidate favourable exploration claims in the region to provide enhanced exploration opportunities; and
- complete progressively more detailed studies on its Eagle's Nest Ni-Cu-PGE deposit to understand project costs, risks, opportunities and economics.

### *Eagle's Nest and Surrounding Area*

At Eagle's Nest, the Company's strategy is to continue to define the extent of mineralization and to better understand the controls on mineralization by infill and deep drilling. The drill program for fiscal 2011 will:

- increase the confidence level in the existing resources;
- increase the overall mineral resource tonnage through additions along strike and at depth at Eagle's Nest;
- identify litho-structural controls on mineralization to allow greater predictability of high grade massive sulphide and high grade platinum-palladium zones; and
- identify controls on mineralization that can be projected elsewhere in the vicinity of Eagle's Nest to assist in exploration for new Ni-Cu-PGE deposits.

The area immediately surrounding Eagle's Nest contains numerous geophysical targets. The exploration program for fiscal 2011 includes drill testing targets that will be derived by:

- committee review of all available geological and geophysical data collected to date;
- extrapolation of the litho-structural controls on mineralization identified at Eagle's Nest; and
- results of deep penetrating ground and borehole geophysical surveys.

The Company believes that the magmatic conduit which hosts the Eagle's Nest deposit remains underexplored and could be one of many such conduits that host other similarly important, potentially economic nickel, copper sulphide deposits.

#### *Regional Exploration*

The Company will continue with a strong regional exploration program which will focus on high priority targets in and around Eagle's Nest and gradually moving outward to the AT-12 area where significant nickel copper sulphides have been intersected but to date drilling hasn't successfully outlined a deposit similar to Eagle's Nest.

#### *Eagle's Nest Technical Studies*

The Company plans to complete preliminary studies on transportation, environment, mining and processing on the Eagle's Nest (nickel, copper, PGE's) deposit in calendar 2011 to develop preliminary cost estimates on which to base further studies.

#### *First Nations*

The Company's strategy is to partner with First Nations within the vicinity of its exploration activity to promote job opportunities within its current operations; define education and training requirements for the communities based on the skills the Company will require; and identify business opportunities and partnerships which will derive economic benefit.

## **SIGNIFICANT EVENTS**

### Exploration

During the year, the Company more than tripled its resources at Eagle's Nest (formerly Eagle One) identifying that mineralization extended to a depth exceeding 1,200 metres. In April 2010, the Company updated its NI 43-101 resource estimate which increased indicated resources to 6.9 million tonnes at 2.04% Ni, 0.95% Cu, 1.3 g/t Pt and 3.4 g/t Pd and inferred resources to 4.3 million tonnes at 1.42% Ni, 0.87% Cu, 0.8 g/t Pt and 3.4 g/t Pd.

The Company completed and filed an NI 43-101 technical report on its Blackbird chromite deposits disclosing a measured and indicated resource of 8.9 million tonnes averaging 34.769% Cr<sub>2</sub>O<sub>3</sub> and an inferred resource of 6.1 million tonnes averaging 33.4% Cr<sub>2</sub>O<sub>3</sub>.

A distinct gold zone at McFauld's Lake ("Triple J" zone) was also identified adjacent to the Blackbird and Eagle's Nest deposits.

### Eagle's Nest Technical Work

The Company initiated technical studies at its Eagle's Nest deposit. Micon International Limited was engaged as the lead consultant. The Company has engaged SNC Lavalin for transportation and process studies, Golder for resource and geotechnical studies, Aecom and Knight Piesold for environmental studies and Cementation and Penguin ASI for mining studies.

### First Nations

During fiscal 2010, the Company established a First Nations Advisory Board to guide the Company in establishing a best practices approach with the local First Nations Communities. The advisory council is made up of leading authorities on Aboriginal Affairs in Canada. The Company has also hired a VP Aboriginal Affairs who brings considerable experience of First Nations relations related to mineral exploration in Ontario.

The previously disclosed logistics halt which was initiated by local First Nations communities in January 2010 was resolved in March 2010. The Company is pleased with the resolution.

### Joint Ventures

On May 19<sup>th</sup>, 2009, the Company entered into a Joint Venture Agreement with Probe Mines Ltd. covering 87 claims approximately 8 kilometres from Eagle's Nest.

In July 2009, the Company entered into a property option agreement with Eagle Hill Exploration Corporation ("Eagle Hill") whereby Eagle Hill can earn up to a 75% interest in the Company's 100% owned Windfall Lake Property, located in Quebec, Canada. The Company will maintain a 25% carried interest with the option to convert said interest to a 2% net smelter royalty.

### Corporate Activities

On August 26, 2009, \$25 million of flow through funds were raised to support the fiscal 2010/2011 exploration and development program; on February 17, 2010, the Company completed a \$6.7 million equity financing which included filing of a short form prospectus; and on May 14, 2010 the Company raised \$13.9 million of flow through funds from a private placement financing.

On October 13, 2009, the Company formally commenced a bid to acquire all of the outstanding common shares of Freewest Resources Canada Inc. ("Freewest"). On November 13, 2009, the Company extended the expiry date of the offer and on December 1, 2009, the Company further extended the expiry date, revised the consideration payable under the offer to include warrants, and removed all conditions for the take up and payment of all tendered Freewest shares upon expiry of the offer. Although the Company was unsuccessful in its bid to acquire all the issued and outstanding shares of Freewest, 5,053,518 Freewest shares were validly tendered, taken up and paid for by the Company resulting in the issuance of 1,443,789 Noront shares and 722,150 Noront share purchase warrants. The Freewest shares received by the Company were subsequently converted into shares in Cliffs Natural Resources ("Cliffs") following Cliffs successful bid to acquire all of the outstanding common shares of Freewest. In

the fourth quarter of fiscal 2010, the Company sold its shares in Cliffs and received net proceeds of \$4.9 million as a result.

In October 2007, the shareholders of the Company voted to adopt a shareholder rights plan (the “Rights Plan”). This Rights Plan expired in October 2009.

### **CAPABILITY TO DELIVER RESULTS**

The Company has sufficient financial resources to complete its planned exploration program and development activities for the remainder of fiscal 2011. The Company will need to raise additional funds to support the Company’s plans beyond fiscal 2011.

On August 26, 2009, the Company raised \$25.0 million of flow-through funds and completed a \$6.7 million prospectus offering on February 17, 2010. In addition, the Company generated \$5.1 million in cash through sales of marketable securities. Subsequent to year end, the Company closed a private placement financing to raise \$13.9 million of flow-through funds. Funds raised from the issuance of flow-through shares will or have been spent on eligible exploration expenditures on the Company’s McFauld’s Lake Project. Use of proceeds from the Company’s prospectus offering in February 2010 will be used for general corporate purposes and for technical studies related to the Company’s Eagle’s Nest deposit within its McFauld’s Lake Project.

At April 30, 2010, the Company had cash and cash equivalents of \$21.5 million and working capital of \$19.8 million. This compares to cash and cash equivalents of \$19.7 million and working capital of \$24.8 million at April 30, 2009.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following financial data are derived from the Company's financial statements for the fiscal years ended April 30, 2010, 2009 and 2008:

(expressed in \$ thousands except per share amounts)

	2010	2009	2008
Income	204	976	1,019
Expenses	9,815	13,467	4,113
Write-down of mining properties and deferred exploration	1,014	15,898	780
Loss on sale of investments	418	-	-
Write-down of marketable securities	-	350	-
Severance	1,496	1,712	-
Future income (tax) recovery	3,983	5,472	-
Net income/(loss)	(10,351)	(24,980)	(2,298)
Net income(loss) per share – basic and diluted <sup>(1)</sup>	(0.06)	(0.18)	(0.02)
Cash flow from/(used in) operations	(4,991)	(8,154)	(2,041)
Cash, cash equivalents and restricted cash	21,510	19,674	55,831
Working Capital	19,781	24,798	54,455
Assets	103,211	79,867	91,124
Long-term Liabilities	2,462	147	485

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

### Year Ended April 30, 2010 Compared to Year Ended April 30, 2009

Income is comprised of interest earned on deposits and management fees. The Company earned \$173 thousand in interest income and \$30 thousand in management fees during the fiscal year compared to \$750 thousand in interest income and \$225 thousand in management fees during the prior year. The decrease in interest income is due to a lower average cash balance and lower yields earned on deposits in the current year compared to the prior year. The decrease in the management fee income is due to less activity in joint ventures where the Company was the operator.

Expenses are comprised of office and general, consulting and professional fees, shareholder information, amortization, and stock based compensation. Stock based compensation expense decreased from \$7.9 million in the prior year to \$3.8 million in the current year. Adjusting for stock based compensation, expenses increased by \$0.5 million. The increase in expenses from the prior year is primarily related to:

- A \$1.2 million increase in office and general expenses due to a \$238 thousand increase in travel related to the McFauld's Lake project, \$150 thousand increase in directors fees, \$141 thousand increase in donations primarily for First Nations initiatives, \$62 thousand increase in salaries and benefits, \$96 thousand increase in insurance costs, \$260 thousand increase in information

technology related costs, and \$207 thousand increase in other office costs. Amortization expense increased by \$100 thousand for the year due to the acquisition of capital assets.

- The above increase in expenses was offset by a \$0.4 decrease in consulting and professional fees due to the hiring of management team versus engaging consultants and \$0.3 million decrease in shareholder information costs.

#### *Non-Recurring Expenses*

The Company paid severance of \$1.5 million, which included \$0.6 million in stock based compensation to certain members of senior management pursuant to their employment contracts. In the prior year, the Company paid severance of \$1.7 million to certain former members of management pursuant to their employment contracts.

During the year, the Company wrote off deferred exploration expenditures of \$1.0 million related to the Company's 33 1/3 percent interest in the Fishhook property which is comprised of 960 claim units 50km south of Eagle's Nest. The property is not a priority for the Company at this time due to results of exploration work carried out to date. In the prior year, the Company wrote off \$15.9 million in deferred exploration expenditures which was primarily related to the Windfall Lake Property but included inactive projects outside of the Ring of Fire.

Non-core property expense includes approximately \$0.3 million expended on Windfall Lake up until the time the property was optioned to another company in July 2009 as well as approximately \$0.4 million of expenses related to inactive properties. Non-core property recoveries are comprised of \$0.4 million received from option payments and \$0.2 million from the sale of operating assets.

The Company liquidated a portion of its portfolio of marketable securities. The Company received net proceeds of \$5.1 million and recognized a loss of \$418 thousand on the transactions.

Acquisition costs relate to expenditures incurred as a result of the Company's offer to buy all the issued and outstanding shares of Freewest. Expenditures relate primarily to legal and advisory fees as well as other incidental costs.

## SUMMARY OF CASH FLOWS

(expressed in \$ thousands)

	2010	2009
Cash provided by (used in) operating activities	(4,991)	(8,154)
Cash provided by (used in) investing activities	(23,236)	(43,631)
Cash provided by (used in) financing activities	30,063	15,628
	1,836	(36,157)

### Operating Activities

For the year ended April 30, 2010, the Company had negative \$5.0 million in cash flow from operations compared to cash flow used in operations for the prior year of \$8.2 million. The decrease in cash outflows from operating activities is primarily related to the receipt of GST receivables related to the prior year.

### Investing Activities

For the year ended April 30, 2010, cash used for investing activities was primarily spent on the Company's projects in the McFauld's Lake region and the acquisition of capital assets. In addition, the Company received \$4.6 million in exploration tax credits and proceeds on disposal of marketable securities of \$5.1 million. In the prior year, the Company's investing activities were substantially focused on both the McFauld's Lake region and Windfall Lake. In prior year, \$5.5 million in refundable tax credits were outstanding of which \$4.6 million was received during fiscal 2010.

### Financing Activities

For the year ended April 30, 2010, cash flow from financing was \$30.1 million compared to \$15.6 million in prior year. The cash provided from financing is the result of raising \$25 million in a flow-through equity issuance and raising \$6.7 million through a prospectus offering. The cash provided from financing is net cost of issuance.

## OPERATIONS REVIEW AND OUTLOOK

The following financial data are for the fiscal years ended April 30, 2010 and 2009:

(expressed in \$ thousands)

Exploration Expenditure	2010	2009
Exploration Projects		
McFaulds Lake Project - "Ring of Fire", James Bay Lowlands, Northeastern Ontario	31,347	29,601
Joint Venture		
Golden Valley Project, Ontario	448	904
Fishhook Project, Ontario	(8)	922
Garden Island Project, Quebec	126	656
Windfall Lake, Urban Township	-	5,689
Discontinued Projects		
Iron Lake Project Ontario	-	49
El Verde, Mexico	-	3
Escondida Project, Mexico	-	35
Other	-	128
<b>Total</b>	<b>\$ 31,913</b>	<b>\$ 37,987</b>

### McFauld's Lake Project (Ring of Fire, James Bay Lowlands, Ontario)

(expressed in \$ thousands)

Exploration Expenditure	2010	2009
Exploration Projects		
Drilling	22,370	23,565
Non-Drilling	2,387	5,699
Other*	5,192	337
	29,949	29,601
Ring of Fire Joint Ventures	536	-
Technical Studies	862	-
<b>Total</b>	<b>\$ 31,347</b>	<b>\$ 29,601</b>

\*Included in other exploration is \$4.1 million related to fuel

From May 1, 2009 to April 30, 2010 \$31.4 million was spent on exploration in the "Ring of Fire" and a total of 41,540 metres were drilled.

The Company met its stated goals established at the beginning of fiscal 2010 which were to:

- complete an aggressive drill program on mineralization found at depth at Eagle's Nest to potentially increase the size of the nickel-copper-platinum group metal deposit;
- complete an NI 43-101 Technical Report on the Company's Blackbird Chromite deposit; and
- deliver a plan for the next stage of exploration and development activities.

The Company has filed an updated NI 43-101 Technical Report on its Blackbird chromite and Eagle's Nest nickel-copper-platinum group element deposits. The Blackbird Technical Report was the first NI 43-101 Technical Report on a chromite deposit in Canada and the NI 43-101 Technical Report on Eagle's Nest more than tripled the resource from the prior year. Preliminary technical studies were initiated, the result of which will define a potential development plan.

Planned exploration work on the Company's claims in the McFauld's Lake Area includes:

- continue the infill drilling program at the Eagle's Nest, required in delineating high grade nickel, copper and platinum group mineralization and to upgrade resource classification from inferred to indicated;
- drill test the extension of the Eagle's Nest below the current base of the resources, which is approximately 1200m below surface;
- conduct time-domain ground electromagnetic geophysical survey over the areas surrounding Eagle's Nest to identify additional magmatic sulphide body targets for drilling; and
- initiate geotechnical logging program at Eagle's Nest and deliver samples for metallurgical test work.

#### *Eagle's Nest Deposit*

The Company released a resource update for its Eagle's Nest deposit in March 2010. Drilling during the year confirmed the continuity of the Eagle's Nest deposit to a minimum depth of 1,200 meters from surface. The fiscal 2010 exploration program also intersected high platinum grades within the massive sulphide mineralization. Hole-NOT-09-070-W1 intersected significant massive sulphide mineralization including the highest platinum grades encountered to date at Eagle's Nest.

HOLE ID	FROM (m)	TO (m)	INT. (m)	MINERALIZATION TYPE	Ni %	Cu %	Pt g/t	Pd g/t
NOT-09-053-W5	933.0	1020.6	87.6	Net Textured/Massive	1.83	1.84	1.44	4.2
Note NOT-09-053-W5 ended in mineralization, reached drill depth capacity								
NOT-09-053-W6	727.9	785.0	57.1	Net Textured/Massive	1.89	0.85	1.06	4.54
NOT-09-064	1079.3	1132.5	53.1	Net Textured/Massive	1.94	0.95	0.60	3.85
Including	1104.5	1117.7	13.2	Massive	4.98	1.92	0.07	6.71
NOT-09-068-W1	683.0	818.2	135.2	Net Textured	1.65	0.80	1.03	3.24
NOT-09-070-W1	607.6	630.4	22.8	Massive	4.41	2.38	28.07	7.95
Including	607.6	613.3	5.7	Massive	5.78	4.42	37.87	8.26
Also including	612.8	621.2	8.4	Massive	1.19	1.46	68.78	7.55
Also including	622.4	630.4	8.0	Massive	7.41	2.19	0.18	9.33

In April 2010, the Company released an NI 43-101 Technical Report on the McFauld's Lake project which included resource estimates on its Eagle's Nest and Blackbird deposits.

The NI 43-101 compliant resource estimate for Eagle's Nest is as follows:

EAGLE'S NEST INDICATED RESOURCES				
TONNES	Ni %	Cu %	Pt g/t	Pd g/t
6,900,000	2.04	0.95	1.3	3.4
EAGLE'S NEST INFERRED RESOURCES				
TONNES	Ni %	Cu %	Pt g/t	Pd g/t
4,300,000	1.42	0.87	0.8	3.4

- (1) The "Technical Report on the Eagle's Nest" mineral resource was prepared by Golder Associates ("Golder"), an independent consulting firm, in accordance with NI 43-101 requirements.
- (2) This resource estimate assumes no selectivity during mining and represents all material contained within the 0.3% mineral envelope. Some minor inclusions of internal dilution will be included in the resource, but no external dilution has been defined.
- (3) The information in the above table has been prepared by Mr. Greg Greenough, P.GeO who is a "Qualified Person" for the purposes of NI 43-101 in Canada.

The deposit remains open along strike to a depth of 1,200 metres and remains open down dip below 1,200 metres providing potential for further resource growth. Subsequent to year end, the Company released the following drill results from its Eagle's Nest drill program.

HOLE ID	FROM (m)	TO (m)	INT. (m)	Ni %	Cu %	Pt g/t	Pd g/t	Au g/t
<b>Eagle's Nest</b>								
NOT-10-076	460.5	558.0	97.5	1.93	1.00	0.75	2.97	0.22
Including	460.5	464.1	3.6	5.09	1.48	0.50	6.63	0.07
NOT-10-076-W1	531.0	574.5	43.5	3.24	1.19	0.45	4.18	0.10
Including	561.4	574.5	13.1	7.01	2.19	0.26	8.45	0.14
NOT-10-077	301.1	302.5	1.4	0.73	0.38	2.27	2.18	0.07
NOT-10-077	313.4	313.7	0.3	0.59	0.74	7.79	12.70	0.09
NOT-10-078	329.4	330.1	0.7	0.54	1.70	0.64	2.21	0.07
NOT-10-081	412.0	569.0	157.0	2.64	1.57	1.72	4.15	0.32
Including	412.0	431.0	19.0	6.64	2.73	0.75	7.28	1.14
Including Sample	412.0	412.5	0.5	3.94	1.85	9.64	9.22	35.8
Also including	447.9	452.2	4.3	0.17	0.36	10.52	2.26	0.17
Including Sample	449.0	450.1	1.1	0.06	0.10	30.30	0.16	0.02
Also including	452.2	457.7	5.5	7.84	2.04	0.19	7.86	0.07
NOT-10-079	No significant results							
NOT-10-079-W1	1029.2	1117.5	88.3	1.35	0.61	0.88	3.12	0.21
Including	1043.0	1097.1	54.1	1.71	0.75	0.99	3.75	0.24
also	1051.4	1051.6	0.2	2.30	0.50	2.44	5.82	35.9
NOT-10-080	No significant results							
NOT-10-082	No significant results							
NOT-10-083	564.9	652.3	87.4	1.93	0.82	1.80	3.17	0.12
Including	599.0	606.5	7.5	4.83	1.85	11.14	6.69	0.13
Including Sample	601.3	601.9	0.6	1.32	2.79	31.60	8.04	0.15
Also including	668.7	668.9	0.2	3.45	0.37	8.50	40.80	0.69
NOT-10-084	660.4	749.6	89.2	1.75	0.87	0.80	3.29	0.20
Including	674.6	679.7	5.2	5.21	2.54	0.81	11.10	0.55
NOT-10-087A	534.9	624.2	89.3	2.49	0.99	0.85	3.97	0.20
Including	604.0	617.8	13.8	6.97	1.03	0.70	7.72	0.09

The results confirm the presence of a high grade platinum zone (“PGE”) within the deposit and the Company plans additional work to better define the PGE zone.

#### *Technical Studies*

During the year, the Company engaged SNC-Lavalin to conduct an infrastructure study on access into the McFauld’s Lake area. The study is intended to review all potential transportation alternatives and routes from site to existing permanent infrastructure such as road and rail lines in Northern Ontario. The study is intended to be in two phases – the first phase was completed in January 2010. Currently, preferred routes are being identified and a field program defined. The completion of the field program during the remainder of calendar 2010 would allow the estimates for the routes to be refined by the mid-calendar 2011.

In the fourth quarter of fiscal 2010, the Company engaged Micon International to act as lead consultant on several other studies, which include mine, process, infrastructure designs, as well as cost estimating, environmental impact and socio-economic impact.

#### *AT-12 Nickel, Copper, PGE Discovery*

The AT-12 deposit is located approximately ten kilometers northeast of the Eagle’s Nest-Blackbird complex and within two kilometers of the Company’s Thunderbird vanadium deposit. AT-12 has a similar geophysical response as Eagle’s Nest, which triggered the initial drilling.

As part of the comprehensive data review conducted in the fall of 2009, the drilling and borehole geophysics from AT-12 was reviewed and all significant holes were re-surveyed using down hole geophysics and the core was re-logged. This led to a new interpretation of the emplacement and potential orientation of the mineralization at AT-12 and further exploration was planned for calendar 2010. Limited drilling at AT-12 resumed in March 2010. Results show that all holes intersected sulphide mineralization within an ultramafic unit similar to the style of mineralization found at the Eagle’s Nest deposit. Drilling at AT-12 continues to reveal wide intersections of disseminated and net- textured mineralization flanked by narrow zones of massive sulphides.

Challenging summertime ground conditions have prevented ground geophysical surveys at AT-12. This, combined with technical challenges related to drilling at AT-12 in summer, has prompted the company to delay further exploration at AT-12 until the winter season (January 2011). The initial step will be to use ground based geophysics to prioritize targets in the AT-12 area.

### Blackbird Chromite Deposits

Two zones of massive-disseminated chromium (Cr<sub>2</sub>O<sub>3</sub>) mineralization were identified approximately 2 kilometres southeast of Eagle’s Nest within the main ultramafic sill defining the Ring of Fire. These zones, known as Blackbird One and Blackbird Two, have been drill traced from surface on roughly 50 metre centers. The deposits remain open at depth. In certain zones, the grade of the mineralization is in excess of 40% Cr<sub>2</sub>O<sub>3</sub> with chromium to Iron (“Cr:Fe”) ratios as high as 2.2 enabling it to process into high grade ferrochrome at a lower cost relative to industry standards. The NI 43-101 compliant resource estimate of the Blackbird Deposit is as follows:

BLACKBIRD MINERAL RESOURCE SUMMARY REPORT BY CATEGORY					
MASSIVE CHROMITE RESOURCES					
	DEPOSIT	ZONE	TONNES	AVG Cr <sub>2</sub> O <sub>3</sub> %	Cr:Fe Ratio
<b>Measured</b>	BLACKBIRD 2	BB 2-1	1,635,000	38.42	1.97
		BB 2-2	881,000	35.35	1.95
		BB 2-4	1,675,000	35.36	1.9
<b>Indicated</b>	BLACKBIRD 1	BB 1	1,895,000	36.56	1.97
	BLACKBIRD 2	BB 2-1	816,000	36.75	1.94
		BB 2-2	438,000	32.91	1.88
		BB 2-4	223,000	35.76	1.85
<b>Total Measured and Indicated</b>			<b>7,562,000</b>	<b>36.34</b>	<b>1.94</b>
<b>Inferred</b>	BLACKBIRD 2	BB 2-1	2,142,000	36.07	1.95
		BB 2-2	624,000	24.83	1.65
		BB 2-4	772,000	40.26	2.19
<b>Total Inferred</b>			<b>3,488,000</b>	<b>34.93</b>	<b>1.95</b>
<b>INTERCALATED CHROMITE RESOURCES (FRAGMENTED ZONES)</b>					
	DEPOSIT	ZONE	TONNES	AVG Cr <sub>2</sub> O <sub>3</sub> %	Cr:Fe Ratio
<b>Measured</b>	BLACKBIRD 2	BB 2-3a(301)	450,000	20.35	1.39
		BB 2-3b (302)	537,000	29.63	1.79
<b>Indicated</b>	BLACKBIRD 2	BB 2-3a (301)	245,000	25.42	1.55
		BB 2-3b (302)	61,000	28.31	1.67
<b>Total Measured and Indicated</b>			<b>1,293,000</b>	<b>25.54</b>	<b>1.6</b>
<b>Inferred</b>	BLACKBIRD 2	BB 2-3a (301)	121,000	22.38	1.37
		BB 2-3b (302)	185,000	30.51	1.84
		BB 2-Lenses (50)	2,280,000	31.94	1.78
<b>Total Inferred</b>			<b>2,586,000</b>	<b>31.39</b>	<b>1.77</b>

- (1) The “Technical Report on the Blackbird Chromite Discovery” was prepared by MICON International Limited (“Micon”), an independent consulting firm, in accordance with NI 43-101 requirements.
- (2) The above estimate capped high values for chromite at 43%. The estimate was completed using a cutoff of 30% Cr<sub>2</sub>O<sub>3</sub> for the massive chromite and 0% Cr<sub>2</sub>O<sub>3</sub> for the intercalated chromite. All sample preparation and analyses were completed at Activation Laboratory, ISO 17025 accredited and independent of the Company and Micon.
- (3) The information in the above table has been prepared under the supervision of Mr. Richard Gowans, P.Eng and Mr. Charley Murahwi, M. Sc., P. Geo, MAusIMM who are “Qualified Persons” for the purposes of NI 43-101 in Canada.

The Blackbird resource is a classic stratiform chromite deposit with original chromite layers broken up into segments 300 to 400 metres in length. The chromite layers are sub-vertical and extend from surface to beyond 300 metres and are open at depth. The deposit geometry is very well suited for a low impact, underground mine.

### *Thunderbird Vanadium Discovery*

Three drill holes, Nos. NOT-09-21, 24 and 25 discovered a significant occurrence of vanadium (V<sub>2</sub>O<sub>5</sub>) mineralization near surface at least 900 metres long and 300 metres (average) width consisting of at least 3 parallel zones in a Ferrogabbro rock unit related to the Ring of Fire intrusive. The results obtained indicate a potentially large third mineable product to support Noront's other base metal, PGM and chromite deposits from the Ring of Fire complex.

### *Probe Joint Venture*

On May 19, 2009, the Company entered into a Joint Venture Agreement with Probe Mines Limited ("Probe") covering 87 claims approximately 8 kilometres northeast of the Eagle's Nest deposit. Under the terms of the joint venture the Company has been granted a 50% interest in the property and is responsible for its proportionate share of expenditures. Probe is the operator and the exploration program and budget is required to be approved by the Company.

The operator has completed phase two drilling on the Black Creek Chromite occurrence. A total of 1,706 metres in 11 holes was completed. Assays have returned chromite mineralization which has now been intersected over a distance of 225 m to a depth of 150 m to 175 m.

Micon International Limited has been engaged to complete an NI 43-101 compliant resource estimate on the mineralization.

### *Freewest Joint Exploration Agreement*

On May 14, 2008, the Company entered into a joint exploration agreement with Freewest Resources Canada Inc ("Freewest") to explore an airborne geophysical anomaly, situated at the boundary of claims owned by the two companies approximately 8 kilometres northeast of the Eagle One deposit in the McFauld's Lake area.

Freewest is the operator of the initial exploration program. During the year exploration drilling commenced on the anomaly within the joint venture properties. Results obtained indicate that the anomaly was the result of barren iron formation and the operator discontinued further work.

### Golden Valley

Golden Valley is a joint venture located in the northern portion of the Ring of Fire and operated by White Pine Resources Ltd. ("White Pine"). The initial drill program to assess geophysical targets north of Oval Lake commenced during fiscal 2009. The large property surrounds a copper-zinc discovery by Metalex Ventures Ltd.; a total of fourteen holes were completed at the joint venture in the fiscal 2009 year yielding two copper-zinc anomalies. As per the terms of the option agreement, White Pine Resources and Noront are earning a 33.3% interest each in the property from Golden Valley Minerals Ltd.

The operator completed an Airborne EM survey (ZTEM) to detect deeper anomalies around the known mineralization and completed 1,600 metres of drilling in December 2009.

#### Garden Island, Quebec

The Garden Island property is comprised of 568 mining claims totaling 23,763 hectares, most of which are in Pascalis, Manneville and Senneville townships, which lie along a northwest-southwest trending Abitibi volcanic greenstone belt.

The Company has earned a 50% interest in the Garden Island gold, base-metal property as a result of an amended option agreement (July 10, 2008) entered into with a private arms length Quebec company, TSR Resources Inc. ("TSR").

The operator TSR is expected to submit a further exploration program in fiscal 2011.

#### Windfall Lake Project, Urban Township, Quebec

On July 21, 2009, the Company entered into a property option agreement with Eagle Hill Exploration Corporation pursuant to which Eagle Hill may earn up to a 100% interest subject to a 2% net smelter royalty in the Company's 100% owned Windfall Lake Property, located in Quebec, Canada.

Eagle Hill satisfied the financing condition during the year and as such made the first property of payment of \$400 thousand towards earning a 10% interest in the property.

### **DISCONTINUED PROJECTS**

#### Fishhook Project, James Bay Lowlands, Northeastern Ontario

After entering into an option agreement dated July 2008, with Temex Resources Corp. ("Temex"), and East West Resource Corporation ("East West"), Noront contributed \$0.6 million consisting of a property payment of \$0.1 million and an expenditure commitment of \$0.5 million to earn up to a 60% interest in the 960 claim units (16,650 hectares) property located approximately 50km south of Eagle One.

On October 26, 2009, the Company entered into a revised agreement which superseded an option agreement dated June 2008 over 60 claims (the Fishhook claims) with East West and Temex.

Under the revised option agreement, the Company has earned a 33 1/3% carried interest for having incurred expenditures of \$956,529 over the period from July 2008 to October 2008. East West and Temex have the option to buy back the Company's interest for payment of \$1,000,000.

During the year ended April 30, 2010, the Company determined that further activity on this project was not warranted, and all associated costs were written off. The discontinuation of this project does not have any effect on the Company's current operations.

## SUMMARY OF QUARTERLY RESULTS AND FOURTH QUARTER REVIEW

The following information is derived from the Company's quarterly consolidated financial statements for the past eight quarters:

(expressed in thousands except per share amounts)  
(quarterly results are unaudited)

	2010	2010	2010	2010	2009	2009	2009	2009
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income	30	30	93	51	59	326	224	367
Expenses	2,626	3,374	2,626	1,190	1,064	2,031	3,019	7,354
Write-down of mining properties and deferred exploration	-	1,014	-	-	15,803	-	95	-
Loss on sale of marketable securities	16	403						
Write-down of marketable securities	-	-	-	-	350	-	-	-
Severance	-	-	-	1,496	-	860	852	-
Acquisition costs	42	863	840					
Future income tax (expense) recovery	3,983	-	-	-	5,472	-	-	-
Net income/(loss)	1,280	(5,624)	(3,373)	(2,635)	(11,686)	(2,565)	(3,742)	(6,987)
Net income(loss) per share – basic and diluted <sup>(1)</sup>	0.01	(0.03)	(0.02)	(0.02)	(0.08)	(0.02)	(0.03)	(0.05)
Cash flow from/(used in) operations	(830)	(2,528)	731	(2,363)	1,712	(5,982)	(1,255)	(2,629)
Cash, cash equivalents and restricted cash	21,510	19,875	26,061	9,299	19,674	30,488	24,632	43,957
Working Capital	19,781	23,768	29,760	15,434	24,798	33,549	20,327	44,584
Assets	103,211	98,327	99,666	77,269	79,867	98,002	91,047	88,531
Long-term Liabilities	2,462	156	153	150	147	514	505	495

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

### Three Months Ended April 30, 2010 compared to Three Months Ended April 30, 2009

Interest income decreased by \$30 thousand as a result of lower average cash balances and lower yields earned on deposits in the fourth quarter of fiscal 2010 compared to the prior year comparable quarter.

Increases in expenses of \$ 1.6 million in office and general expenses (including \$0.9 million in stock based compensation \$0.2 million in travel expenses) and \$0.2 million in shareholder information costs were offset by lower consulting and professional fees of \$0.3 million in the fourth quarter compared to the prior year comparable quarter.

The Company had no write-downs for deferred exploration expenditures or marketable securities in the fourth quarter compared to \$15.8 million and \$0.4 million respectively in the prior year comparable quarter.

During the fourth quarter the logistics halt, which denied the Company access to the ice landing strip at Koper Lake proximal to the Company's exploration camp, initiated by the First Nations community of Marten Falls along with the support of the other surrounding First Nations communities was resolved.

As a result of the logistics halt in the Ring of Fire, the Company incurred increased costs related to resupplying its exploration camp and mobilizing exploration equipment.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at April 30, 2010 the Company had working capital of \$19.8 million and a cash position (cash, equivalents and restricted cash) of \$21.5 million compared to \$24.8 million and \$19.7 million respectively as at April 30, 2009. The lower working capital was due to exploration funding requirements of \$33.6 million offset by a decrease in accounts receivable of \$8.1 million. The increase in cash and cash equivalents balance at year end was due to the equity financing completed in the last quarter of fiscal 2010.

The Company completed a \$24.9 million flow-through financing in early August 2009; a \$6.7 million prospectus offering in February 2010; and a \$13.9 million flow-through financing on May 14, 2010. The Company also raised \$5.1 million from the sale of marketable securities the majority of which were the sale of shares tendered to the Company's unsuccessful bid for all the issued and outstanding shares of Freewest. As a result of the above the Company continues to have a strong cash position. Funds raised from the issuance of flow-through shares will or have been spent on eligible exploration expenditures on the Company's McFauld's Lake Project. Use of proceeds from the Company's prospectus offering in February 2010 will be used for general corporate purposes and for technical studies related to the Company's Eagle's Nest deposit within its McFauld's Lake Project. Surplus funds are invested in a blend of high interest savings accounts in order to provide liquidity while minimizing risk.

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received from the issue of such shares have been credited to capital stock and the related exploration costs have been charged to mining and resource properties. Proceeds raised are being used for continued exploration of Noront's properties. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The temporary taxable differences created by the renunciation have reduced share capital.

Noront has no credit facilities with financial institutions, so its financial instruments consist of cash, marketable securities, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, the Company does not expect to be exposed to significant interest, currency or credit risks arising from these financial instruments. Noront estimates that the fair value of cash and cash equivalents, accounts receivable, accounts payable and taxes payable approximate the carrying values.

The Company is confident that it will be able to raise sufficient capital to further explore and develop its properties and projects in the coming year. However, the timing and ability to do so will depend on the liquidity 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 the acquisition of

additional projects. At this time, the Company is not anticipating an ongoing profit from operations, therefore it will rely on its ability to obtain equity or debt financing for growth.

## CONTRACTUAL OBLIGATIONS

At April 30, 2010 the company has a commitment to spend approximately \$4.1 million on Canadian exploration activity for the period from May 1, 2010 to December 31, 2010. This represents the remainder of the proceeds of the \$25 million flow through share financing which occurred on August 26, 2009.

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

(expressed in \$ thousands)

<b>Contractual Obligations</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>1 -3 years</b>	<b>4 - 5 years</b>	<b>After 5 years</b>
Operating Leases	723	352	371	-	-
Other Long Term Obligations	827	575	76	50	126
<b>Total Contractual Obligations</b>	<b>1,550</b>	<b>927</b>	<b>447</b>	<b>50</b>	<b>126</b>

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

Other Long Term Obligations represent commitments related to a site remediation plan established in accordance with the requirements of the Quebec Ministry of Natural Resources for Windfall Lake.

## RELATED PARTY AND OTHER TRANSACTIONS

During the year ended April 30, 2010, \$303,884 (year ended April 30, 2009 - \$194,817) was payable to a company controlled by the former VP Special Projects and former director of the Company for consulting services, inclusive of a \$200,000 employment severance payment. The officer and former director was also reimbursed for out of pocket expenses which were incurred in the normal course of operations. Included in accounts payable as at April 30, 2010 is \$NIL (April 30, 2009 - \$19,662) owed with respect to these services and ancillary expense reimbursements.

During the year ended April 30, 2010, \$44,000 (year ended April 30, 2009 - \$190,000) was payable for management services to a company controlled by a director and former Co-CEO of the Company. Included in accounts payable as at April 30, 2010 \$NIL (April 30, 2009 - \$40,425).

During the year ended April 30, 2010, \$14,000 (year ended April 30, 2009 - \$134,000) was paid or payable for management services to a company controlled by a director and former Co-CEO of the Company. Included in accounts payable as at April 30, 2010 is \$NIL (April 30, 2009 - \$33,191) owed with respect to these services and ancillary expense reimbursements.

During the year ended April 30, 2010, \$16,500 (year ended April 30, 2009 - \$NIL and \$NIL) was paid to a company controlled by the VP Corporate Communications of the Company for office equipment, services and other assets. Included in accounts payable as at April 30, 2010 is \$NIL (April 30, 2009 - \$NIL) owed with respect to these services.

In addition, for the year ended April 30, 2010 legal fees in the amount of \$NIL (April 30, 2009 - \$243,734) were paid to a law firm in which the former VP Legal and Corporate Secretary of the Company, is a partner. Included in accounts payable and accrued liabilities is \$NIL (April 30, 2009 - \$1,330) with respect to services rendered. These transactions are in the normal course of operations and reflect the amount of consideration established and agreed to by the related parties.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties.

#### **DISCLOSURE CONTROLS AND PROCEDURES**

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

- (i) the audited annual financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited annual financial statements: and
- (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the audited annual financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 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 MI 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.

## **CRITICAL ACCOUNTING ESTIMATES**

### *Deferred Mining Property Acquisition and Exploration Expenditures*

Noront capitalizes mining property acquisition costs and related exploration expenditures 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, and therefore the existing model does not necessarily provide a reliable single measure of the fair value of the Company's stock options granted during the year.

## **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 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.

### *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 to the Company's shareholders.

As of July 29, 2010, the Company had 175,633,642 shares outstanding, 10.4 million stock options outstanding with a weighted average exercise price of \$1.67 expiring between 2011 and 2014 and 722,150 warrants outstanding. The issuance of common shares of the Company upon the exercise of options and/or warrants 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.

### *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 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.

### *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.

### *Resource Estimates*

The resources 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 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 resources as uneconomic.

### *Economic*

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. The prices of mineral products have historically fluctuated widely 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.

### *Commodity Price Risk*

The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of gold and base minerals.

### *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.

### *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.

### *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.

#### *Joint Ventures and Option Agreements*

Noront Resources enters into option agreements and joint ventures as a means of gaining property interests are 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 affect 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.

#### *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 Resources and cause increases in expenditures or exploration costs or reduction in levels of activities on our exploration projects, or require abandonment or delays in the development of new exploration properties.

#### *Regulations and Permitting*

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. 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.

### *Uninsurable Risks*

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

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

### *Dependence on Key Employees, Contractors and Management*

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

## *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.

## **CHANGES IN ACCOUNTING POLICIES**

### **Recently Issued Accounting Standards**

#### *Financial Instruments*

In December 2008, the Canadian Institute of Chartered Accountants ("CICA") issued amendments to financial instruments sections 3855 and 3862 permitting reclassification of a financial asset or liability out of the held-for-trading or available-for-sale category to other financial instruments categories in specified circumstances effective on or after July 1, 2008. The adoption of these amendments had no impact on the financial results of the Company.

In June 2009, the CICA amended Section 3862, Financial Instruments - Disclosures ("Section 3862"), to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The three levels of fair value hierarchy under Section 3862 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 Company's financial instruments consist of cash, cash equivalents and restricted cash, marketable securities, accounts receivable, accounts payable and accrued liabilities, and advances from optionees. With respect to the all of these financial instruments the Company estimates that the fair value of these financial instruments approximates the carrying values at April 30, 2010 and 2009. All of these financial instruments, with the exception of marketable securities, are classified within Level 1 of the fair value

hierarchy. Marketable securities of \$166,587 and \$500,000 are classified within the Level 1 and Level 2 of the fair value hierarchy respectively.

#### *Business Combinations Consolidated Financial Statements and Non-Controlling Interests*

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling interests. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

#### *International Financial Reporting Standards ("IFRS")*

In February 2008, the CICA announced that Canadian generally accepted accounting principles for profit oriented enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2012 for which the current and comparative information will be prepared under IFRS. The Company is required to apply all of those IFRS standards which are effective for fiscal year ending April 30, 2012 and apply them to its opening May 1, 2010 balance sheet.

The Company has completed the initial diagnostic phase and component evaluations and will continue to update its Management Discussion & Analysis (MD&A) disclosures throughout 2010 to reflect specific actions taken to facilitate changeover to IFRS effective May 1, 2011.

The Company has commenced the development of an IFRS implementation strategy to prepare for this transition, and is currently analyzing the key areas where changes to current accounting policies may be required. Analysis will be required for all current accounting policies, however the initial key areas of assessment include:

- Deferred exploration expenditures,
- Property, plant and equipment,
- Impairment of assets
- Provisions, including remediation provisions,
- Stock options (share-based payments)
- Flow-through shares
- First-time adoption of International Financial Reporting Standards (IFRS 1)

As a detailed analyses of the each of the key areas is commenced, other elements of the Company's IFRS implementation plan will be addressed including the implication of changes to accounting policies, processes or financial statement note disclosures on information technology, internal controls, contractual arrangements and employee training.

The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	Complete
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Complete
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Complete
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Q1 fiscal 2011 – Q2 fiscal 2011
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q1 fiscal 2011 – Q2 fiscal 2011
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout fiscal 2011

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is available in the Company's consolidated financials for the year ended April 30, 2010.

## **OUTSTANDING SHARE INFORMATION**

As at April 30, 2010

Authorized	Unlimited
Issued and outstanding shares	167,885,442
Options outstanding	10,536,668
Warrants outstanding	722,150
Fully diluted	179,144,260

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## **ADDITIONAL INFORMATION**

Additional information relating to Noront, including Noront's amended annual information form dated November 9, 2009 for the year ended April 30, 2009, is available on the Internet at the SEDAR website [www.sedar.com](http://www.sedar.com) , and is available on the Company's website located at [www.norontresources.com](http://www.norontresources.com).