NORSEMONT CAPITAL INC.

(Formerly “LORNEX CAPITAL INC.”)

Consolidated Financial Statements

Years Ended December 31, 2015 and 2014

(Expressed in Canadian Dollars)

To the Shareholders of Norsemont Capital Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board of Directors and the Audit Committee, and management to discuss their audit findings.

April 28, 2016

" Anita Algie "
Anita Algie, CEO, CFO

MNP LLP

To the Shareholders of Norsemont Capital Inc.:

We have audited the accompanying consolidated financial statements of Norsemont Capital Inc. and its subsidiary, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of loss and other comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 of these consolidated financial statements, which states that Norsemont Capital Inc. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast doubt about the ability of Norsemont Capital Inc. to continue as a going concern.

Vancouver, British Columbia

April 28, 2016

MNP LLP

Chartered Professional Accountants

NORSEMONT CAPITAL INC.
(formerly "LORNEX CAPITAL INC.")
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2015	December 31, 2014
	$	$
Assets		
Current:		
Cash and cash equivalents	373,123	503,012
Amounts receivable	9,591	8,590
Prepaid expenses and deposits	2,000	2,000
	384,714	513,602
Equipment (Note 4)	1,079	1,508
	385,793	515,110
Liabilities		
Current:		
Accounts payable and accrued liabilities	12,240	20,193
Shareholders' equity		
Share capital (Note 6)	4,324,026	4,197,736
Reserves (Note 6)	177,067	114,441
Deficit	(4,127,540)	(3,817,260)
	373,553	494,917
	385,793	515,110

Nature of Operations (Note 1)

The consolidated financial statements were approved by the Board of Directors on April 28, 2016 and were signed on its behalf by:

"Sheri Rempel"
Director

"Al Larmour"
Director

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

NORSEMONT CAPITAL INC.
(formerly “LORNEX CAPITAL INC.”)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Years Ended December 31, 2015	2014
	$	$
Administrative Expenses:		
Bank charges	653	316
Consulting fees	40,000	56,500
Depreciation	429	605
Office, rent and administration (Note 7)	182,912	137,920
Professional fees (Note 7)	7,725	26,791
Project evaluation	-	6,382
Regulatory fees	8,717	20,526
Share-based payments (Note 6)	80,336	29,635
Transfer agent	2,431	5,382
Travel, promotion and shareholder communication	6,844	2,986
	330,047	287,043
Loss before other interest income and impairment of exploration and evaluation asset	(330,047)	(287,043)
Other items:		
Interest income	5,417	6,821
Impairment of exploration and evaluation asset	(3,360)	(3,360)
	2,057	3,461
Comprehensive loss for the year	(327,990)	(283,582)
Loss per common share – basic and diluted	(0.04)	(0.04)
Weighted average number of common shares outstanding – basic and diluted	8,846,717	7,190,662

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

NORSEMONT CAPITAL INC.
(formerly “LORNEX CAPITAL INC.”)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

		Share capital				
	Notes	Common shares	Amount	Stock options reserve	Deficit	Shareholders’ equity
		#	$	$	$	$
Balance, December 31, 2013		**7,190,662**	**4,197,736**	**117,368**	**(3,566,240)**	**748,864**
Comprehensive loss for the year		-	-	-	(283,582)	(283,582)
Share-based payments		-	-	29,635	-	29,635
Forfeited options	6(c)	-	-	(32,562)	32,562	-
Balance, December 31, 2014		**7,190,662**	**4,197,736**	**114,441**	**(3,817,260)**	**494,917**
Comprehensive loss for the year		-	-	-	(327,990)	(327,990)
Private placements		2,560,000	128,000	-	-	128,000
Share issue costs		-	(1,710)	-	-	(1,710)
Share-based payments		-	-	80,336	-	80,336
Forfeited options	6(c)	-	-	(17,710)	17,710	-
Balance, December 31, 2015		**9,750,662**	**4,324,026**	**177,067**	**(4,127,540)**	**373,553**

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

NORSEMONT CAPITAL INC.
(formerly "LORNEX CAPITAL INC.")
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	2015	2014
	$	$
Operating activities:		
Loss for the year	(327,990)	(283,582)
Adjustments for non-cash items:		
Depreciation	430	605
Share-based payments	80,336	29,635
Changes in non-cash working capital items:		
Amounts receivable	(1,001)	(1,931)
Prepaid expenses and deposits	-	5,000
Accounts payable and accrued liabilities	(7,954)	7,069
Cash used in operations	(256,179)	(243,204)
Financing activities:		
Shares issued for cash	128,000	-
Share issue costs	(1,710)	-
Cash generated from financing activities	126,290	-
Decrease in cash and cash equivalents	(129,889)	(243,024)
Cash and cash equivalents, beginning of year	503,012	746,216
Cash and cash equivalents, end of year	373,123	503,012
Cash and cash equivalents are comprised of the following:		
Cash	123	3,012
Guaranteed Investment Certificates	373,000	500,000
	373,123	503,012

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

1. Nature of Operations

The Company was incorporated on July 26, 2000 under the Canada Business Corporations Act and continued into BC under the British Columbia Corporations Act on January 30, 2016 as Norsemont Capital Inc. The Company is engaged in the acquisition, exploration and development of mineral properties in Canada. The Company's common shares are traded on the Canadian Securities Exchange ("Exchange") under the symbol "NOM".

The head office, principal address and records office of the Company are located at Suite 610 – 700 West Pender Street, Vancouver, BC, Canada, V6C 1G8. The Company's registered office address is Suite 700 - 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The Company's ability to continue as a going concern are dependent upon the ability of the Company to raise additional financing in order to complete the exploration and development of its resource properties, the discovery of economically recoverable reserves, the attainment of future profitable production or proceeds from disposition of the Company's resource properties. The outcome of these matters cannot be predicted at this time.

At December 31, 2015, the Company had not yet achieved profitable operations and has accumulated losses of $4,127,540 (December 31, 2014 -$3,817,260). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to achieve any of the foregoing and continue as a going concern. Any adjustment required to the amounts and reclassification of assets and liabilities may be significant.

Management has estimated that the Company will have adequate funds from existing working capital to meet corporate, administrative and other obligations over the next twelve months. The Company will require additional financing as it determines to acquire additional properties or accelerate its work programs. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

2. Summary of Significant Accounting Policies

(a) Basis of presentation and consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts on the consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company.

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Rosswoll Industries Inc., incorporated in British Columbia. All significant intercompany balances and transactions were eliminated on consolidation.

The consolidated financial statements were prepared on the historical cost basis.

2. Basis of presentation and significant accounting policies (continued)

(b) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss, loans and receivables, and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition. All financial instruments must be recognized, initially, at fair value on the consolidated statement of financial position. Subsequent measurement of the financial instruments is based on their respective classification.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and non-derivative financial liabilities are subsequently measured at amortized cost.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset has been impaired. The Company had made the following classification of its financial instruments:

Financial assets or liabilities	Measurement category
Cash	Held for trading
Amounts receivable	Loans and receivables
Trade and other payables	Other liabilities

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the 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 the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The carrying values, fair market values, and fair value hierarchal classification of the Company’s financial instruments as at December 31, 2015 are as follows:

2. Basis of presentation and significant accounting policies (continued)

(b) Financial instruments (continued)

Cash and accounts payable and accrued liabilities as shown in the statement of financial position at December 31, 2015 are measured using level 1. The Company does not have any financial instruments that are measured using level 2 or level 3 inputs.

(c) Mineral property interests

The acquisition costs of mineral property interests and any subsequent exploration and evaluation costs are capitalized until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Exploration and evaluation costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred as property examination costs. Properties that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

The acquisition costs include the cash consideration paid and the fair market value of any shares issued for mineral property interests being acquired or optioned pursuant to the terms of relevant agreements. Proceeds received from a partial sale or option of a mineral property interest are credited against the carrying value of the property. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transaction takes place. No initial value is assigned to any retained royalty interest. The royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Management reviews its mineral property interests at each reporting period for signs of impairment and annually after each exploration season to consider if there is impairment in value taking into consideration current year exploration results and management's assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have no future economic potential, the acquisition and deferred exploration and evaluation costs are written-off to profit or loss.

(d) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

(ii) Non-financial assets

Non-financial assets are evaluated at each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the CGU level, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. The Company's mineral property interest impairment policy is more specifically discussed in note 2(c) above.

2. Basis of presentation and significant accounting policies (continued)

(e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their trading value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from reserves.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

(f) Share-based payment transactions

The Company has a stock option plan that provides for the granting of options to officers, directors, consultants and related company employees to acquire shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in contributed surplus as the options vest. Options granted to employees and others providing similar services are measured on grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received. On vesting, share-based payments are recorded as an operating expense and as contributed surplus. When options are exercised the consideration received is recorded as share capital. In addition, the related is cancelled or expires, the initial recorded value is reversed and charged to deficit.

(g) Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the future decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates, using a pretax rate that reflect the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted at each period-end, for the unwinding of the discount rate, for changes to the current market-based discount rate and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no known restoration, rehabilitation or environmental costs related to its mineral property interest.

2. Basis of presentation and significant accounting policies (continued)

(h) Income taxes

Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

(i) Loss per share

The Company presents basic and diluted loss per share (“LPS”) data for its common shares. Basic LPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted LPS is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all dilutive potential common shares related to outstanding stock options and warrants issued by the Company.

(j) Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss, components of other comprehensive income are presented in the consolidated statements of loss and comprehensive loss and the consolidated statements of changes in equity.

(k) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

2. Basis of presentation and significant accounting policies (continued)

(l) Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

(i) Fair value measurement of stock-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option and volatility and making assumptions about them.

(ii) Measurement of deferred tax assets and liabilities

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies based on the Company’s current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Judgments

(i) Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the years ended December 31, 2015 and 2014. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecasts and access to replacement financing for the future twelve months.

(Expressed in Canadian Dollars)

3. Future and Recently Adopted Accounting Standards

The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the consolidated financial statements. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

Future accounting standards

(a) IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "*Financial Instruments*" ("**IFRS 9**"), which will replace IAS 39, "*Financial Instruments: Recognition and Measurement*" ("**IAS 39**"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has tentatively been set for January 1, 2018; however, early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the consolidated financial statements as the classification and measurement of the Company's consolidated financial instruments is not expected to change given the nature of the Company's operations and the types of financial instruments that it currently holds.

4. Property, Plant, and Equipment

	Computer Hardware	Office Equipment	Total
	$	$	$
Costs:			
Balance, December 31, 2014 and 2015	5,775	490	6,265
Depreciation:			
Balance, December 31, 2013	3,944	208	4,152
Charge for the year	549	56	605
Balance, December 31, 2014	4,493	264	4,757
Charge for the year	384	45	429
Balance, December 31, 2015	4,877	309	5,186
Carrying amounts:			
December 31, 2015	898	181	1,079
December 31, 2014	1,282	226	1,508

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

Cumulative expenditures incurred by the Company on its property are summarized as follows:

	$
Exploration:	
Property maintenance costs	3,360
Impairment	(3,360)
Balance, December 31, 2015 and 2014	-

The Company acquired a 100% interest in the AMI claims by staking and purchase by way of the issuance of 300,000 common shares of the Company valued at $75,000 and a cash payment of $77,030. The property is subject to a 1% NSR royalty.

During the year ended December 31, 2015, the Company recognized an impairment of $3,360 (2014 - $3,360) on the property due to annual property renewal fees.

6. Share Capital and Reserves

(a) Authorized

An unlimited number of common shares without par value.

(b) Issued share capital

As at December 31, 2015, there were 9,750,662 issued and fully paid common shares (December 31, 2014 - 7,190,622).

During the year ended December 31, 2015, the Company closed a non-brokered private placement of 2,560,000 units at a price of $0.05 per unit for gross proceeds of $128,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.07 per share expiring five years from the date of issuance. The warrants fair value was determined using the residual method. This resulted in a fair value of nil being attributable to these warrants as the exercise price on the grant date exceeded the share price.

(Expressed in Canadian Dollars)

6. Share Capital and Reserves (Continued)

(c) Warrants

The continuity of share purchase warrants issued and outstanding is as follows:

	Warrants	Weighted Average Exercise Price
	#	$
Balance, December 31, 2013	50,000	0.25
Expired	(50,000)	0.25
Balance, December 31, 2014	-	-
Granted	2,560,000	0.07
Balance, December 31, 2015	2,560,000	0.07

Warrants outstanding at December 31, 2015 are as follows:

Exercise Price	Warrants Outstanding	Expiry Date
$	#	
0.07	2,060,000	May 4, 2020
0.07	500,000	May 27, 2020
	2,560,000	

(d) Stock options

The Company has an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the plan have a term not to exceed 10 years and vesting periods that range from zero to 18 months.

The continuity of stock options issued and outstanding is as follows:

	Options Outstanding	Weighted Average Exercise Price
	#	$
Balance, December 31, 2013	524,001	0.10
Forfeited	(171,667)	0.10
Granted	195,000	0.10
Balance, December 31, 2014	547,334	0.10
Forfeited	(178,334)	0.07
Granted	497,000	0.18
Balance, December 31, 2015	866,000	0.13

(1) During the year ended December 31, 2015, the fair value of 178,334 forfeited options of $17,710 was reclassified from reserves to deficit.

(Expressed in Canadian Dollars)

6. Share Capital and Reserves (Continued)

(d) Stock options (Continued)

Stock options outstanding at December 31, 2015 are as follows:

Exercise Price	Options Outstanding	Expiry Date	Options Exercisable
$	#		#
0.10 (1)	41,667	April 17, 2019	41,667
0.07 (3)	8,333	April 17, 2019	8,333
0.10 (1)	8,333	June 14, 2020	8,333
0.07(3)	6,667	June 14, 2020	6,667
0.10 (1)	35,000	October 5, 2021 (2)	35,000
0.07(3)	114,000	October 25, 2021	114,000
0.10 (1)	55,000	January 5, 2022 (2)	55,000
0.10	100,000	March 20, 2024	100,000
0.18	497,000	October 30, 2025	497,000
	866,000		866,000

(1) During the year ended December 31, 2014, the exercise price of these stock options was amended to $0.10 per share.

(2) During the year ended December 31, 2014, the expiry date of these options was extended for an additional five years.

(3) During the year ended December 31, 2015, the exercise price of these options was repriced from $0.10 to $0.07 per share

During the year ended December 31, 2014, the Company amended the terms of an aggregate of 499,000 stock options previously granted to employees, directors and consultants of the Company. These options had original exercise prices ranging from $0.21 to $0.245 per share and were re-priced to have an exercise price of $0.10 per share. In addition, the expiry date of an aggregate of 374,000 options was extended for an additional five years.

The modification to stock options resulted in the recognition of additional share-based payments of $14,950 during the year ended December 31, 2014. The fair values of the modified stock options were estimated using the Black-Scholes option pricing model using the following weighted average assumptions: expected dividend yield – 0%; expected stock price volatility – 97.71%; risk-free interest rate – 1.28%; expected life – 4.06 years; and fair value per option - $0.04.

During the year ended December 31, 2015, the Company granted 497,000 stock options. These options have an exercise price of $0.18 per share and have an expiry date of October 30, 2025. The Company recorded share-based payments of $80,336 (2014 - $24,520) for stock options granted during the period.

The fair values of the stock options granted were estimated using the Black-Scholes option pricing model, with the following weighted average assumptions:

	2015	2014
Risk free interest rate	2.18%	1.67%
Expected dividend yield	0%	0%
Expected stock price volatility	141.63%	105.57%
Expected life	10 years	5.56 years

The weighted average fair value of options granted during the year ended December 31, 2015 was $0.18 (2014 - $0.08) per option.

(Expressed in Canadian Dollars)

7. Related Party Balances and Transactions

(a) Related party transactions

The Company incurred the following transactions with companies having directors in common:

	Year Ended December 31,	
	2015	2014
	$	$
Office, rent and administration[(1)]	147,802	111,825
Legal fees	352	611
	148,154	112,436

(1) Of these fees $30,000 (2014 - $30,000) includes management fee paid to the CFO of the company.

(b) Compensation of key management personnel

	Year Ended December 31,	
	2015	2014
	$	$
Short-term benefits - management fees[(1)]	30,000	30,000
Share-based compensation	80,336	14,989
	110,336	44,989

(1) Of these fees $30,000 (2014 - $30,000) includes management fee paid to the CFO of the company.

The Company’s key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and consist of its Directors, Chief Executive Officer and Chief Financial Officer.

(c) Related party balances

The following related party amounts are included in prepaid expenses and deposits:

	Year Ended December 31,	
	2015	2014
	$	$
Company having directors and officers in common	2,000	2,000

As at December 31, 2015, there is $395 (2014 - $nil) payable to a company having officers in common.

8. Financial Instruments and risk Management

a) Fair value of financial instruments

At December 31, 2015 the Company's financial instruments consist of cash, amounts receivable, reclamation deposit, accounts payable and accrued liabilities. The carrying values of these financial instruments other than available for sale investments approximates their fair value because of their short term nature.

b) Financial instrument risk
The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

Credit risk
Credit risk exposure primarily arises with respect to the Company's cash and amounts receivables. The Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of other receivables.

Liquidity risk
Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to settle liabilities and obligations when they become due. As at December 31, 2015 the Company had cash and amounts receivable of $382,714 to settle current liabilities of $12,240 which primarily consisted of short term accounts payable.

Market risk
Market risk consists of currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.
The Company has no foreign exchange rate risk as all amounts are denominated in Canadian dollars. The Company also holds no financial instruments that expose it to other price risk.

Interest rate and commodity price risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is not significantly exposed to interest rate or commodity price risk.

9. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares or debt or sell assets to settle liabilities.

The properties in which the Company currently has an interest in are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities and interest income. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company has no debt and is not subject to externally imposed capital requirements.

There were no changes in the Company's management of capital during the year ended December 31, 2015.

(Expressed in Canadian Dollars)

10. Income Taxes

The following table reconciles the expected income tax expenses (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the years ended December 31, 2015 and December 31, 2014:

	2015	2014
	$	$
Profit (loss) before income taxes	(327,990)	(283,582)
Canadian statutory tax rate	26.00%	26.00%
Expected income tax expense (recovery)	(85,277)	(73,731)
Differences resulting from:		
Non-deductible items	21,087	7,891
Changes in estimates	9,306	-
Expiring losses	41,533	-
Finance costs	(445)	-
Change in deferred tax asset not recognized	13,796	65,840
Provision for income taxes	-	-

Deferred tax reflects the tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes, and amounts used for tax purposes. Deferred tax assets (liabilities) at December 31, 2015 and December 31, 2014 are comprised of the following:

	2015	2014
	$	$
Deferred tax assets - Canada		
Non-capital loss carry forwards	594,361	580,880
Property and Equipment	9,183	8,914
Exploration and evaluation assets	352,002	352,002
Financing costs	444	398
	955,990	942,194
Deferred tax asset not recognized	955,990	942,194
Net deferred tax asset	-	-

The Company has non-capital loss carryforwards of approximately $2,286,611 (2014 – $2,234,157) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

	$
2016	126,327
2017	45,664
2028	199,093
2029	214,600
2030	281,576
2031	363,624
2032	206,382
2033	188,141
2034	413,215
2035	247,989
Total	2,286,611

11. Subsequent Events

The Company has completed the proposed continuance from under the Canada Corporations Act into British Columbia and under the British Columbia Corporations Act effective as of January 30, 2016. This continuance included the adoption of new bylaws of the Company which incorporated advance notice provisions. Further details and implications of these resolutions are discussed in the Company’s information circular mailed to shareholders on December 18, 2015 and posted on SEDAR on December 16, 2015.

Additionally, the Board of Directors proposed to simultaneously change the name of the Company to Norsemont Capital Inc. with a new symbol of “NOM” which was been reserved with the Canadian Securities Exchange. Shares began trading under the new name and symbol on February 16, 2016.