

# **NORSEMONT CAPITAL INC.**

**(Formerly “LORNEX CAPITAL INC.”)**

**Condensed Interim Consolidated Financial Statements**  
(Unaudited)

For the nine months ended September 30, 2016 and 2015

**(Expressed in Canadian Dollars)**

# **NORSEMONT CAPITAL INC.**

**(the “Company”)**

**(Formerly “LORNEX CAPITAL INC.”)**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Nine months ended September 30, 2016 and 2015**

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The management of Norsemont Capital Inc. is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim consolidated financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company's auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

November 24, 2016

# NORSEMONT CAPITAL INC.

(Formerly "LORNEX CAPITAL INC.")

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(Expressed in Canadian Dollars)

	September 30, 2016	December 31, 2015
	\$	\$
<b>Assets</b>		
Current:		
Cash and cash equivalents	481,476	373,123
Amounts receivable	15,300	9,591
Prepaid expenses and deposits (Note 7 (c))	2,000	2,000
	498,776	384,714
Equipment (Note 4)	850	1,079
	<b>499,626</b>	<b>385,793</b>
<b>Liabilities</b>		
Current:		
Accounts payable & accrued liabilities	23,001	12,240
<b>Shareholders' equity</b>		
Share capital (Note 6)	4,619,526	4,324,026
Reserves (Note 6)	177,067	177,067
Deficit	(4,319,968)	(4,127,540)
	476,625	373,553
	<b>499,626</b>	<b>385,793</b>

Nature of Operations (Note 1)

Subsequent Events (Note 10)

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

# NORSEMONT CAPITAL INC.

(formerly "LORNEX CAPITAL INC.")

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Administrative Expenses:				
Bank charges	(29)	68	4	516
Consulting fees	30,000	5,000	90,000	5,000
Depreciation (Note 4)	76	214	229	322
Office, rent and administration ( Note 7)	11,477	41,022	67,449	144,634
Professional fees ( Note 7)	7,925	-	16,818	(653)
Regulatory fees	2,100	1,500	9,565	7,317
Transfer agent	349	356	5,003	1,972
Travel, promotion and shareholder communication	-	-	-	276
	51,898	48,160	189,068	159,384
Loss before other interest income and impairment of exploration and evaluation asset	(51,898)	(48,160)	(189,068)	(159,384)
Other Items:				
Interest income	-	2,436	-	4,429
Impairment of exploration and evaluation asset	(3,360)	-	(3,360)	(3,360)
	(3,360)	2,436	(3,360)	1,069
Comprehensive loss for the period	(55,258)	(45,724)	(192,428)	(158,315)
Loss per common share - basic and diluted	(0.01)	(0.01)	(0.02)	(0.02)
Weighted average number of common shares outstanding -				
Basic and diluted	10,023,678	8,695,937	9,842,332	7,947,458

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

## NORSEMONT CAPITAL INC.

(formerly "LORNEX CAPITAL INC.")

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)

(Expressed in Canadian Dollars)

Share capital						
Notes	Common Shares	Amount	Reserves	Deficit	Total Shareholders' Equity	
	#	\$	\$	\$	\$	
<b>Balance, December 31, 2014</b>	<b>7,190,662</b>	<b>4,197,736</b>	<b>114,441</b>	<b>(3,817,260)</b>	<b>494,917</b>	
Issued during the period:						
Private placements	2,560,000	128,000	-	-	128,000	
Share issue costs	-	(1,710)	-	-	(1,710)	
Comprehensive loss for the period	-	-	-	(158,315)	(158,315)	
<b>Balance, September 30, 2015</b>	<b>9,750,662</b>	<b>4,324,026</b>	<b>114,441</b>	<b>(3,975,575)</b>	<b>462,892</b>	
Issued during the period:						
Comprehensive loss for the period	-	-	-	(169,675)	(169,675)	
Share-based payments	-	-	80,336	-	80,336	
Forfeited options	-	-	(17,710)	17,710	-	
<b>Balance, December 31, 2015</b>	<b>9,750,662</b>	<b>4,324,026</b>	<b>177,067</b>	<b>(4,127,540)</b>	<b>373,553</b>	
Issued during the period:						
Private placements	1,477,500	295,500	-	-	295,500	
Comprehensive loss for the period	-	-	-	(192,428)	(192,428)	
<b>Balance, September 30, 2016</b>	<b>11,228,162</b>	<b>4,619,526</b>	<b>177,067</b>	<b>(4,319,968)</b>	<b>476,625</b>	

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

# NORSEMONT CAPITAL INC.

(formerly "LORNEX CAPITAL INC.")

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

(Expressed in Canadian Dollars)

	Nine months ended September 30,	
	2016	2015
	\$	\$
<b>Operating activities:</b>		
Loss for the period	(192,428)	(158,315)
Adjustment for non-cash items:		
Depreciation	229	322
Change in non-cash working capital		
Amounts receivable	(5,709)	3,648
Accounts payable & accrued liabilities	10,761	(18,349)
<b>Cash used in operating activities</b>	<b>(187,147)</b>	<b>(172,694)</b>
<b>Financing activities:</b>		
Share issued for cash	295,500	128,000
Share issue costs	-	(1,710)
<b>Cash provided by financing activities</b>	<b>295,500</b>	<b>126,290</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>108,353</b>	<b>(46,404)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>373,123</b>	<b>503,012</b>
<b>Cash and cash equivalents, end of period</b>	<b>481,476</b>	<b>456,608</b>
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

# NORSEMONT CAPITAL INC.

(formerly "Lornex Capital Inc.")

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three and Nine Months Ended September 30, 2016 and 2015

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## 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 is 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 September 30, 2016, the Company had not yet achieved profitable operations and has accumulated losses of \$4,319,968 (December 31, 2015 - \$4,127,540). 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 unaudited condensed interim 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

The unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed interim consolidated unaudited financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2015.

The unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2015.

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on November 24, 2016.

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars.

# NORSEMONT CAPITAL INC.

(formerly "Lornex Capital Inc.")

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three and Nine Months Ended September 30, 2016 and 2015

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

### (b) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated unaudited financial statement and the reported amounts of revenues and expenses during the reporting period. There has been no significant change to the Company's estimation and judgment from those disclosed in note 2 to the audited financial statements for the year ended December 31, 2015.

## 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 condensed interim 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*

#### 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 condensed interim 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
	\$	\$	\$
<b>Costs:</b>			
Balance, December 31, 2015	5,775	490	6,265
<b>Depreciation:</b>			
Balance, December 31, 2015	4,877	309	5,186
Charge for the period	202	27	229
Balance, September 30, 2016	5,079	336	5,415
<b>Carrying amounts:</b>			
September 30, 2016	696	154	850
December 31, 2015	898	181	1,079



# NORSEMONT CAPITAL INC.

(formerly "Lornex Capital Inc.")

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three and Nine Months Ended September 30, 2016 and 2015

## 5. Exploration and Evaluation Assets

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

	\$
Exploration:	
Property maintenance costs	6,720
Impairment	(6,720)
Balance, September 30, 2016 and December 31, 2015	-

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 period ended September 30, 2016, the Company recognized an impairment of \$3,360 (2015 - \$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 September 30, 2016, there were 11,228,162 issued and fully paid common shares (December 31, 2015 – 9,750,662).

In September 2016, the Company closed the first tranche of a non-brokered private placement issuing 1,477,500 units at \$0.20 per unit. Each unit is comprised of one common share and one-half (1/2) common share purchase warrant, whereby each whole common share purchase warrant will entitle the holder to purchase one additional common share at an exercise price of \$0.30 per warrant at any time for 24 months after the closing date.

### (c) Warrants

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

	Warrants #	Weighted Average Exercise Price \$
Balance, December 31, 2014	-	-
Granted	2,560,000	0.07
Balance December 31, 2015	2,560,000	0.07
Granted	738,750	0.30
Balance September 30, 2016	3,298,750	0.12

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Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three and Nine Months Ended September 30, 2016 and 2015

## 6. Share Capital and Reserves (Continued)

### (c) Warrants (Continued)

Warrants outstanding at September 30, 2016, are as follows:

Exercise Price \$	Warrants Outstanding #	Expiry Date
0.07	2,060,000	May 4, 2020
0.07	500,000	May 27, 2020
0.30	738,750	September 14, 2018
	3,298,750	

### (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, 2014	547,334	0.10
Forfeited	(178,334)	0.07
Granted	497,000	0.18
Balance, September 30, 2016, and December 31, 2015	866,000	0.13

Stock options outstanding at September 30, 2016, are as follows:

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

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Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three and Nine Months Ended September 30, 2016 and 2015

## 6. Share Capital and Reserves (Continued)

### (d) Stock options (Continued)

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

	2016	2015
Risk free interest rate	-	2.18%
Expected dividend yield	-	0%
Expected stock price volatility	-	141.63%
Expected life	-	10 years

The weighted average fair value of options granted during the nine months ended September 30, 2016, was \$nil (2015 - \$nil) per option.

## 7. Related Party Balances and Transactions

### (a) Related party transactions

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Office, rent and administration <sup>(1)</sup>	7,756	35,350	48,320	116,700
Legal fees	535	-	803	-
	8,291	35,350	49,123	116,700

<sup>(1)</sup> During the nine months ended September 30, 2016, the Company paid \$7,000 (2015 - \$24,250) for administration services to a company 100% owned by the CFO.

### (b) Compensation of key management personnel

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Short-term benefits - administration fees <sup>(1)</sup>	-	9,250	7,000	24,250

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.

# NORSEMONT CAPITAL INC.

(formerly "Lornex Capital Inc.")

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three and Nine Months Ended September 30, 2016 and 2015

## 7. Related Party Balances and Transactions (Continued)

### (c) Related party balances

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

	September 30, 2016	December 31, 2015
	\$	\$
Company having directors and officers in common	2,000	2,000

## 8. Financial Instruments and risk Management

### a) Fair value of financial instruments

At September 30, 2016, the Company's financial instruments consist of cash, amounts receivable, 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 September 30, 2016 the Company had cash and amounts receivable of \$497,776 (December 31, 2015 - \$382,714) to settle current liabilities of \$23,001 (December 31, 2015 - \$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.

# **NORSEMONT CAPITAL INC.**

**(formerly “Lornex Capital Inc.”)**

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three and Nine Months Ended September 30, 2016 and 2015

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## **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 nine month period ended September 30, 2016.

## **10. Subsequent Events**

On November 2, 2016, 185,000 stock options were granted at an exercise price of \$0.28 per common share. The options were fully vested on the grant date and expire on November 2, 2026.