

# **NORSEMONT CAPITAL INC.**

**(Formerly “LORNEX CAPITAL INC.”)**

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

**For the three months ended March 31, 2017 and 2016**

**(Expressed in Canadian Dollars)**

# NORSEMONT CAPITAL INC.

(the “Company”)

(Formerly “LORNEX CAPITAL INC.”)

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended March 31, 2017 and 2016

### 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.

May 25, 2017

**NORSEMONT CAPITAL INC.**  
**(formerly "LORNEX CAPITAL INC.")**

Condensed Interim Consolidated Statements of Financial Position (Unaudited)  
(Expressed in Canadian Dollars)

	March 31, 2017	December 31, 2016
	\$	\$
<b>Assets</b>		
Current:		
Cash and cash equivalents	376,803	414,628
Interest receivable	1,566	1,103
GST receivable	3,638	16,666
Prepaid expenses and deposits (Note 7)	2,000	2,000
	<u>384,007</u>	<u>434,397</u>
Equipment (Note 4)	718	774
	<u>384,725</u>	<u>435,169</u>
<b>Liabilities</b>		
Current:		
Accounts payable	3,384	2,035
Accrued liabilities	10,700	8,560
	<u>14,084</u>	<u>10,595</u>
<b>Shareholders' equity</b>		
Share capital (Note 6)	4,619,526	4,619,526
Stock option reserve (Note 6)	230,311	220,319
Deficit	(4,479,196)	(4,415,269)
	<u>370,641</u>	<u>424,576</u>
	<u>384,725</u>	<u>435,169</u>

Nature of Operations (Note 1)

The consolidated financial statements were approved by the Board of Directors on May 25, 2017, and were signed on its behalf by:

"Sheri Rempel"  
Director

"Al Larmour"  
Director

The accompanying notes are an integral part of these condensed 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 March 31,	
	2017	2016
	\$	\$
Administrative Expenses:		
Consulting fees	30,000	30,000
Depreciation (Note 4)	56	76
Office, rent and administration (Note 7)	9,866	31,312
Professional fees	7,390	553
Regulatory fees	4,917	3,148
Share-based payments (Note 6)	9,992	-
Transfer agent	2,183	3,587
	<u>64,404</u>	<u>68,676</u>
Loss before interest income	(64,404)	(68,676)
Other items:		
Interest income	477	667
	<u>Comprehensive loss for the period</u>	<u>(63,927)</u>
	<u>(63,927)</u>	<u>(68,009)</u>
Loss per common share – basic and diluted	<u>(0.01)</u>	<u>(0.01)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>11,228,162</u>	<u>9,750,662</u>

The accompanying notes are an integral part of these condensed 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	Share subscriptions	Stock option reserve	Deficit	Shareholders' equity	
	#	\$	\$	\$	\$	\$	
<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>	
Share subscriptions	-	-	200,000	-	-	200,000	
Comprehensive loss for the period	-	-	-	-	(68,009)	(68,009)	
<b>Balance, March 31, 2016</b>	<b>9,750,662</b>	<b>4,324,026</b>	<b>200,000</b>	<b>177,067</b>	<b>(4,195,549)</b>	<b>505,544</b>	
Private placements	1,477,500	295,500	(200,000)	-	-	95,500	
Share-based payments	-	-	-	43,252	-	43,252	
Comprehensive loss for the period	-	-	-	-	(219,720)	(219,720)	
<b>Balance, December 31, 2016</b>	<b>11,228,162</b>	<b>4,619,526</b>	-	<b>220,319</b>	<b>(4,415,269)</b>	<b>424,576</b>	
Share-based payments	-	-	-	9,992	-	9,992	
Comprehensive loss for the period	-	-	-	-	(63,927)	(63,927)	
<b>Balance, March 31, 2017</b>	<b>11,228,162</b>	<b>4,619,526</b>	-	<b>230,311</b>	<b>(4,479,196)</b>	<b>370,641</b>	

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

# NORSEMONT CAPITAL INC.

(formerly "LORNEX CAPITAL INC.")

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

(Expressed in Canadian Dollars)

	Three months ended March 31,	
	2017	2016
	\$	\$
Operating activities:		
Loss for the period	(63,927)	(68,009)
Adjustments for non-cash items:		
Depreciation	56	76
Share-based payments	9,992	-
Changes in non-cash working capital items:		
Interest receivable	(463)	(379)
GST receivable	13,028	(3,334)
Accounts payable	1,349	(1,899)
Accrued liabilities	2,140	-
Cash used in operations	(37,825)	(73,545)
Financing activities:		
Shares issued for cash	-	200,000
Cash generated from financing activities	-	200,000
Increase (decrease) in cash and cash equivalents	(37,825)	126,455
Cash and cash equivalents, beginning of period	414,628	373,123
Cash and cash equivalents, end of period	376,803	499,578
Cash and cash equivalents are comprised of the following:		
Cash	63,803	186,578
Guaranteed Investment Certificates	313,000	313,000
Cash and cash equivalents, end of period	376,803	499,578

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

# NORSEMONT CAPITAL INC.

(formerly “Lornex Capital Inc.”)

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three Months Ended March 31, 2017 and 2016

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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.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at March 31, 2017, the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. As at March 31, 2017, the Company had working capital of \$369,923 (December 31, 2016 -\$423,802) and an accumulated deficit of \$4,479,196 (December 31, 2016 -\$4,415,269). The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. 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. 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. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

## 2. Basis of Presentation and 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 unaudited condensed interim consolidated financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2016.

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, 2016.

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 25, 2017.

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

### (b) Significant accounting 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

# NORSEMONT CAPITAL INC.

(formerly "Lornex Capital Inc.")

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three Months Ended March 31, 2017 and 2016

## 2. Basis of Presentation and Significant Accounting Policies (continued)

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, 2016.

## 3. Future and Recently Adopted Accounting Standards

The Company is assessing the impact of this new standard, but does not expect it to have a significant effect on the 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 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 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 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. Equipment

	Computer Hardware	Office Equipment	Total
	\$	\$	\$
Costs:			
Balance, December 31, 2016	5,775	490	6,265
Depreciation:			
Balance, December 31, 2016	5,146	345	5,491
Charge for the period	47	9	56
Balance, March 31, 2017	5,193	354	5,547
Carrying amounts:			
March 31, 2017	582	136	718
December 31, 2016	629	145	774



# NORSEMONT CAPITAL INC.

(formerly "Lornex Capital Inc.")

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three Months Ended March 31, 2017 and 2016

## 5. Exploration and Evaluation Assets

On May 10, 2002, 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 March 31, 2017, the Company recognized an impairment of \$nil (2016 - \$3,360) on the property.

## 6. Share Capital and Reserves

### (a) Authorized

An unlimited number of common shares without par value.

### (b) Issued share capital

As at March 31, 2017, there were 11,228,162 issued and fully paid common shares (December 31, 2016 – 11,228,162).

### (c) Warrants

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

	Warrants	Weighted Average
	#	Exercise Price
		\$
Balance, December 31, 2015	2,560,000	0.07
Granted	738,750	0.30
Balance March 31, 2017 and December 31, 2016	3,298,750	0.12

Warrants outstanding at March 31, 2017, are as follows:

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

# NORSEMONT CAPITAL INC.

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Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three Months Ended March 31, 2017 and 2016

## 6. Share Capital and Reserves (Continued)

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

	Options Outstanding #	Weighted Average Exercise Price \$
Balance, December 31, 2016	1,051,000	0.17
Granted	50,000	0.32
Balance, March 31, 2017	1,101,000	0.18

Stock options outstanding at March 31, 2017, 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
0.32	50,000	February 2, 2022	50,000
0.10	100,000	March 20, 2024	100,000
0.18	497,000	October 30, 2025	497,000
0.28	185,000	November 2, 2026	185,000
	1,101,000		1,101,000

During the period ended March 31, 2017, the Company granted 50,000 stock options. These options have an exercise price of \$0.32 and an expiry date of February 2, 2022. The Company recorded share-based payments of \$9,992 for stock options granted during the period. No options were granted during the period ended March 31, 2016.

The fair values of the stock options granted during the three months ended March 31, 2017 and the year ended December 31, 2016 were estimated using the Black-Scholes option pricing model, with the following weighted average assumptions:

	2017	2016
Risk free interest rate	1.16%	1.58%
Expected dividend yield	0%	0%
Expected stock price volatility	86.64%	85.04%
Expected life	5 years	10 years

The weighted average fair value of options granted during the period ended March 31, 2017 was \$0.20 (year ended December 31, 2016 - \$0.23) per option.

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Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three Months Ended March 31, 2017 and 2016

## 7. Related Party Balances and Transactions

### (a) Related party transactions

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

	Three Months Ended March 31,	
	2017	2016
	\$	\$
Office, rent and administration <sup>(1)</sup>	6,674	24,946

<sup>(1)</sup> Of these fees \$nil (2016- \$5,250) includes management fees paid to the CFO of the company.

### (b) Compensation of key management personnel

	Three Months Ended March 31,	
	2017	2016
	\$	\$
Short-term benefits - management fees <sup>(1)</sup>	-	5,250

<sup>(1)</sup> Of these fees \$nil (2016 - \$5,250) includes management fees 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:

	March 31, 2017	December 31, 2016
	\$	\$
Company having directors and officers in common	2,000	2,000

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(formerly “Lornex Capital Inc.”)

Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

Three Months Ended March 31, 2017 and 2016

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## 8. Financial Instruments and risk Management

### a) Fair value of financial instruments

At March 31, 2017, the Company's financial instruments consist of cash and cash equivalents, interest receivable and accounts payable. The carrying values of these financial instruments, approximates their fair value due to 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. Credit risk is assessed as low.

#### *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 March 31, 2017, the Company had cash, cash equivalents and amounts receivable of \$382,007 (December 31, 2016 - \$432,397) to settle current liabilities of \$14,084 (December 31, 2016 - \$10,595) which primarily consisted of short term accounts payable. Liquidity risk is assessed as low.

#### *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 period ended March 31, 2017.