

NORSEMONT CAPITAL INC.

Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

May 30, 2019

NORSEMONT CAPITAL INC.

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

	March 31, 2019	December 31, 2018
Assets		
Current:		
Cash and cash equivalents	\$ 7,039	\$ 20,818
Receivables	10,341	2,261
Prepaid expenses and deposits	2,701	2,000
	20,081	25,079
Equipment	869	916
	\$ 20,950	\$ 25,995
Liabilities		
Current:		
Accounts payable	\$ 58,083	\$ 15,992
Accrued liabilities	11,750	11,328
	69,833	27,320
Shareholders' deficiency		
Share capital (Note 4)	4,695,829	4,668,526
Reserves (Note 4)	215,962	231,515
Deficit	(4,960,674)	(4,901,366)
	(48,883)	(1,325)
	\$ 20,950	\$ 25,995

Nature of Operations (Note 1)
Subsequent Event (Note 8)

The condensed interim consolidated financial statements were approved by the Board of Directors on May 30, 2019 and were signed on its behalf by:

"Al Larmour"
Director

"Rana Vig"
Director

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

NORSEMONT CAPITAL INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended March 31,	
	2019	2018
Administrative Expenses:		
Consulting fees	\$ 31,165	\$ 45,000
Depreciation	47	61
Office, rent and administration (Note 5)	12,114	14,373
Professional fees (Note 5)	9,700	7,470
Regulatory fees	4,867	4,867
Transfer agent and shareholder communication	1,441	1,093
	<hr/>	<hr/>
	59,334	72,864
	<hr/>	<hr/>
Loss before other items	(59,334)	(72,864)
Other Items:		
Interest income	26	568
Loss on disposal of assets	-	(207)
	<hr/>	<hr/>
	26	361
	<hr/>	<hr/>
Comprehensive loss for the period	\$ (59,308)	\$ (72,503)
	<hr/>	<hr/>
Loss per common share - basic and diluted	(0.00)	(0.01)
	<hr/>	<hr/>
Weighted average number of common shares outstanding - basic and diluted	11,947,792	11,428,162

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

NORSEMONT CAPITAL INC.

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency) (Unaudited)
(Expressed in Canadian Dollars)

	Share capital				Total Shareholders' Equity (Deficiency)
	Common Shares	Amount	Reserves	Deficit	
	#	\$	\$	\$	
Balance, December 31, 2017	11,428,162	4,633,526	230,635	(4,660,541)	203,620
Loss for the period	-	-	-	(72,503)	(72,503)
Balance, March 31, 2018	11,428,162	4,633,526	230,635	(4,733,044)	131,117
Balance, December 31, 2018	11,928,162	4,668,526	231,515	(4,901,366)	(1,325)
Shares issued for exercise of warrants (Note 4)	100,000	7,000	-	-	7,000
Shares issued for exercise of stock options (Note 4)	50,000	4,750	-	-	4,750
Fair market value of stock options exercised (note 4)	-	15,553	(15,553)	-	-
Loss for the period	-	-	-	(59,308)	(59,308)
Balance, March 31, 2019	12,078,162	4,695,829	215,962	(4,960,674)	(48,883)

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

NORSEMONT CAPITAL INC.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended March 31,	
	2019	2018
Operating activities:		
Loss for the period	\$ (59,308)	\$ (72,503)
Adjustment for non-cash items:		
Depreciation	47	61
Loss on disposal of asset	-	207
Change in non-cash working capital		
Receivables	(8,080)	(460)
Accounts payable	42,091	(7)
Accrued liabilities	422	2,324
Cash used in operating activities	(24,828)	(70,378)
Investing activities:		
Proceeds from disposal of equipment	-	372
Equipment purchases	-	(607)
Cash used in investing activities	-	(235)
Financing activities:		
Proceeds from exercise of stock options	4,750	-
Proceeds from exercise of warrants	7,000	-
Cash provided by financing activities	11,750	-
Decrease in cash and cash equivalents	(13,078)	(70,613)
Cash and cash equivalents, beginning of period	20,818	201,705
Cash and cash equivalents, end of period	7,740	131,092
Cash and cash equivalents are made up of the following:		
Cash	7,039	7,325
Term Deposits	-	128,000
Total cash and cash equivalents	\$ 7,039	\$ 135,325

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

NORSEMONT CAPITAL INC.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars - Unaudited)
Three Months Ended March 31, 2019 and 2018

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 condensed interim consolidated 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, 2019, the Company is not able to finance day to day activities through operations. As at March 31, 2019, the Company had a working capital deficiency of \$49,752 (December 31, 2018 -\$2,241) and an accumulated deficit of \$4,960,674 (December 31, 2018 - \$4,901,366). 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 therefrom 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. 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, 2018.

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, 2018.

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 condensed interim consolidated 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 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, 2018.

NORSEMONT CAPITAL INC.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars - Unaudited)
Three Months Ended March 31, 2019 and 2018

3. New Accounting Standards and Interpretations

Leases

On January 1, 2019, the Company adopted IFRS 16. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The adoption of IFRS 16 had no impact on the Company's financial statements as the Company has no leases.

4. Share Capital and Reserves

(a) Authorized

An unlimited number of common shares without par value.

(b) Issued share capital

As at March 31, 2019, there were 12,078,162 issued and fully paid common shares (December 31, 2018 – 11,928,162).

During the three months ended March 31, 2019, a total of 100,000 warrants were exercised for gross proceeds of \$7,000.

During the three months ended March 31, 2019, a total of 50,000 stock options were exercised for gross proceeds of \$4,750.

(c) Warrants

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

	Warrants	Weighted Average Exercise Price
	#	\$
Balance, December 31, 2018	1,860,000	0.07
Exercised	(100,000)	0.07
Balance March 31, 2019	1,760,000	0.07
Weighted average remaining contractual life		1.10 years

Warrants outstanding at March 31, 2019 are as follows:

Exercise Price	Warrants Outstanding	Expiry Date
\$	#	
0.07	1,760,000	May 4, 2020

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Three Months Ended March 31, 2019 and 2018

4. Share Capital and Reserves (Continued)

(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, 2018	1,081,000	0.18
Exercised	(50,000)	0.10
Balance, March 31, 2019	1,031,000	0.19
Weighted average remaining contractual life		5.47 years

(d) Stock options (continued)

Stock options outstanding at March 31, 2019 are as follows:

Exercise Price \$	Options Outstanding #	Expiry Date	Options Exercisable #
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
0.40	40,000	April 27, 2023	40,000
0.10	100,000	March 20, 2024	100,000
0.18	437,000	October 30, 2025	437,000
0.28	185,000	November 2, 2026	185,000
	1,031,000		1,031,000

No options were granted during the period ended March 31, 2019 or 2018.

(e) Stock option reserve

The stock option reserve records items recognized as share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

NORSEMONT CAPITAL INC.

Notes to Condensed Interim Consolidated Financial Statements
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Three Months Ended March 31, 2019 and 2018

5. 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,	
	2019	2018
	\$	\$
Office, rent and administration	7,028	-
Professional fees - Accounting and corporate secretarial services ⁽¹⁾	-	5,250
	<u>7,028</u>	<u>5,250</u>

⁽¹⁾ Professional fees paid to a company controlled by a director of the Company for accounting and corporate secretarial services provided.

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.

(b) Compensation of key management personnel

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. No management compensation was incurred during the period ended March 31, 2019 (2018 - \$Nil).

(c) Related party balances

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

	March 31, 2019	December 31, 2018
	\$	\$
Company having directors and officers in common	<u>2,000</u>	<u>2,000</u>

The following related party amounts are included in accounts payable:

	March 31, 2019	December 31, 2018
	\$	\$
Company having directors and officers in common	<u>87</u>	<u>100</u>

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Three Months Ended March 31, 2019 and 2018

6. Financial Instruments and Risk Management

a) Fair value of financial instruments

At March 31, 2019, the Company's financial instruments consist of cash and cash equivalents, receivables and accounts payable. The carrying values of these financial instruments approximates their fair values 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 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 moderate.

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, 2019, the Company had cash and receivables of \$17,380 to settle current liabilities of \$69,833 which primarily consisted of short-term accounts payable. Liquidity risk is assessed as high.

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.

7. 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 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 three-month period ended March 31, 2019.

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Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars - Unaudited)
Three Months Ended March 31, 2019 and 2018

8. Subsequent Events

- 1) On May 27, 2019, the Company closed a private placement financing, issuing 1,104,667 units at a price of \$0.30 per unit for gross proceeds of \$331,400. Each unit consisted of one common share in the capital of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.40 per share for a period of one year from the date of issuance.
- 2) On May 10, 2019, 6,667 stock options were exercised for gross proceeds of \$467.