

# **NORSEMONT CAPITAL INC.**

## **Condensed Interim Consolidated Financial Statements**

**Nine months ended September 30, 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.

October 25, 2019

# NORSEMONT CAPITAL INC.

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

	September 30, 2019	December 31, 2018
	\$	\$
<b>Assets</b>		
Current:		
Cash and cash equivalents	284,743	20,818
Receivables	1,194	2,261
Prepaid expenses and deposits	2,000	2,000
	<u>287,937</u>	<u>25,079</u>
Equipment	775	916
	<u>288,712</u>	<u>25,995</u>
<b>Liabilities</b>		
Current:		
Accounts payable	50,063	15,992
Accrued liabilities	27,610	11,328
	<u>77,673</u>	<u>27,320</u>
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 4)	5,074,882	4,668,526
Reserves (Note4)	273,785	231,515
Deficit	(5,137,628)	(4,901,366)
	<u>211,039</u>	<u>(1,325)</u>
	<u>288,712</u>	<u>25,995</u>

Nature of Operations (Note 1)

The condensed interim consolidated financial statements were approved by the Board of Directors on October 25, 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 September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Administrative Expenses:				
Consulting fees	31,165	31,165	93,494	106,165
Depreciation	47	61	141	184
Office, rent and administration (Note 5)	10,906	11,100	34,744	33,024
Professional fees (Note 5)	9,235	7,470	30,273	22,580
Regulatory fees	2,073	2,047	9,290	9,064
Share-based payments	96,781	-	96,781	10,579
Transfer agent and shareholder communication	1,430	484	5,877	4,985
Travel and promotion	-	425	1,455	8,675
	151,637	52,752	272,055	195,256
Loss before other items	(151,637)	(52,752)	(272,055)	(195,256)
Other Items:				
Interest income	-	20	26	906
Loss on disposal of assets	-	-	-	(207)
	-	20	26	699
Comprehensive loss for the period	(151,637)	(52,732)	(272,029)	(194,557)
Loss per common share - basic and diluted	(0.01)	(0.00)	(0.02)	(0.02)
Weighted average number of common shares outstanding - basic and diluted	13,339,496	11,928,162	12,613,032	11,633,290

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
Notes	Common Shares	Amount	Reserves	Deficit	Equity (Deficiency)	
	#	\$	\$	\$	\$	\$
<b>Balance, December 31, 2017</b>	<b>11,428,162</b>	<b>4,633,526</b>	<b>230,635</b>	<b>(4,660,541)</b>	<b>203,620</b>	
Share-based payments	-	-	10,579	-	10,579	
Shares issued for exercise of warrants	500,000	35,000	-	-	35,000	
Comprehensive loss for the period	-	-	-	(194,557)	(194,557)	
<b>Balance, September 30, 2018</b>	<b>11,928,162</b>	<b>4,668,526</b>	<b>241,214</b>	<b>(4,855,098)</b>	<b>54,642</b>	
Warrants exercised	-	-	-	-	-	
Share-based payments	-	-	-	-	-	
Transfer value of cancelled options	-	-	(9,699)	9,699	-	
Comprehensive loss for the period	-	-	-	(55,967)	(55,967)	
<b>Balance, December 31, 2018</b>	<b>11,928,162</b>	<b>4,668,526</b>	<b>231,515</b>	<b>(4,901,366)</b>	<b>(1,325)</b>	
Share-based payments	-	-	96,781	-	96,781	
Shares issued for private placement for cash	1,254,667	376,400	-	-	376,400	
Shares issued for exercise of warrants	100,000	7,000	-	-	7,000	
Shares issued for exercise of stock options	56,667	5,217	-	-	5,217	
Transfer value for exercise of stock options	-	18,744	(18,744)	-	-	
Transfer value of cancelled options	-	-	(35,767)	35,767	-	
Share issuance costs	-	(1,005)	-	-	(1,005)	
Comprehensive loss for the period	-	-	-	(272,029)	(272,029)	
<b>Balance, September 30, 2019</b>	<b>13,339,496</b>	<b>5,074,882</b>	<b>273,785</b>	<b>(5,137,628)</b>	<b>211,039</b>	

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)

	Nine months ended September 30,	
	2019	2018
	\$	\$
<b>Operating activities:</b>		
Loss for the period	(272,029)	(194,557)
Adjustment for non-cash items:		
Depreciation	141	184
Impairment of exploration and evaluation asset	-	207
Loss on disposal of asset	207	-
Share-based payments	96,781	10,579
Change in non-cash working capital		
Interest receivable	101	970
Goods and services tax receivable	966	2
Prepaid expenses and deposits	-	7,525
Accounts payable	34,071	15,977
Accrued liabilities	16,282	(1,561)
Cash used in operating activities	(123,480)	(160,674)
<b>Investing activities:</b>		
Disposed equipment	400	372
Purchased equipment	(607)	(607)
Cash used in investing activities	(207)	(235)
<b>Financing activities:</b>		
Shares issued for cash, net of share issuance costs	375,395	-
Stock options exercised	5,217	-
Warrants exercised	7,000	35,000
Cash provided by financing activities	387,612	35,000
<b>Increase (decrease) in cash and cash equivalents</b>	<b>263,925</b>	<b>(125,909)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>20,818</b>	<b>201,705</b>
<b>Cash and cash equivalents, end of period</b>	<b>284,743</b>	<b>75,796</b>
<b>Cash and cash equivalents are comprised of the following:</b>		
Cash	284,743	796
Guaranteed Investment Certificates	-	75,000
Cash and cash equivalents, end of period	<b>284,743</b>	<b>75,796</b>

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)  
Nine Months Ended September 30, 2019 and 2018

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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 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 September 30, 2019, the Company is not able to finance day to day activities through operations. As at September 30, 2019, the Company had a working capital of \$210,264 (December 31, 2018 – working capital deficit of \$2,241) and an accumulated deficit of \$5,137,628 (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)  
Nine Months Ended September 30, 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 September 30, 2019, there were 13,339,496 issued and fully paid common shares (December 31, 2018 – 11,928,162).

During the nine months ended September 30, 2019, a total of 100,000 warrants were exercised for gross proceeds of \$7,000.

During the nine months ended September 30, 2019, a total of 56,667 stock options were exercised for gross proceeds of \$5,217. There was a fair market value of \$18,744 transferred from reserves to share capital for the exercise cost of the stock options exercised.

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. On June 14, 2019 the second tranche of the private placement closed, issuing 150,000 units at a price of \$0.30 per unit for gross proceeds of \$45,000.

### (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
Issued	627,334	0.40
Exercised	(100,000)	0.07
Balance September 30, 2019	2,387,334	0.16
Weighted average remaining contractual life		.61 years

# NORSEMONT CAPITAL INC.

Notes to Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars - Unaudited)  
Nine Months Ended September 30, 2019 and 2018

## 4. Share Capital and Reserves (Continued)

### (c) Warrants (Continued)

Warrants outstanding at September 30, 2019 are as follows:

Exercise Price	Warrants Outstanding	Expiry Date
\$	#	
0.07	1,760,000	May 4, 2020
0.40	552,334	May 27, 2020
0.40	75,000	June 13, 2020

### (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
Granted	510,000	0.31
Exercised	(56,667)	0.09
Cancelled	(210,000)	0.16
Balance, September 30, 2019	1,324,333	0.24
Weighted average remaining contractual life		4.97 years

Stock options outstanding at September 30, 2019 are as follows:

Exercise Price	Options Outstanding	Expiry Date	Options Exercisable
\$	#		#
0.10	8,333	June 14, 2020	8,333
0.10	15,000	October 5, 2021	15,000
0.07	114,000	October 25, 2021	114,000
0.32	50,000	February 2, 2022	50,000
0.40	40,000	April 27, 2023	40,000
0.10	40,000	March 20, 2024	40,000
0.31	510,000	July 2, 2024	510,000
0.18	437,000	October 30, 2025	437,000
0.28	110,000	November 2, 2026	110,000
	1,324,333		1,324,333



# NORSEMONT CAPITAL INC.

Notes to Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars - Unaudited)  
Nine Months Ended September 30, 2019 and 2018

## 4. Share Capital and Reserves (Continued)

### (d) Stock options (continued)

During the period ended September 30, 2019, the Company recorded share-based payments of \$96,781 (2018 - \$10,579)

The fair value of the stock options granted during the nine months ended September 30, 2019 and 2018, was estimated using the Black-Scholes option pricing model, with the following weighted average assumptions:

	2019	2018
Risk free interest rate	1.33%	2.18%
Expected dividend yield	0%	0%
Expected stock price volatility	76.78%	82.22%
Expected life	5 years	5 years

The weighted average fair value of options granted during the period ended September 30, 2019 and 2018 was \$0.19 and \$0.26 per option, respectively.

### (e) Stock option reserve

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

## 5. Related Party Balances and Transactions

### (a) Related party transactions

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

	Nine months ended September 30,	
	2019	2018
	\$	\$
Office, rent and administration	20,564	10,847
Legal fee	1,070	-
Professional fees - Accounting and corporate secretarial services <sup>(1)</sup>	-	7,875
	21,634	18,722

<sup>(1)</sup> 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.

	Nine Months Ended September 30,	
	2019	2018
	\$	\$
Share-based payments	47,442	10,579

# NORSEMONT CAPITAL INC.

Notes to Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars - Unaudited)  
Nine Months Ended September 30, 2019 and 2018

## (c) Related party balances

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

	September 30, 2019	December 31, 2018
	\$	\$
Company having directors and officers in common	2,000	2,000

The following related party amounts are included in accounts payable:

	September 30, 2019	December 31, 2018
	\$	\$
Company having directors and officers in common	162	100

## 6. Financial Instruments and Risk Management

### a) Fair value of financial instruments

At September 30, 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 September 30, 2019, the Company had cash and receivables of \$285,937 to settle current liabilities of \$77,673 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.

# NORSEMONT CAPITAL INC.

Notes to Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars - Unaudited)  
Nine Months Ended September 30, 2019 and 2018

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## 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 nine-month period ended September 30, 2019.