



# **NORSEMONT MINING INC.**

**Condensed Consolidated Interim Financial Statements**

**For the three and nine months ended September 30, 2021 and 2020**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF  
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# NORSEMONT MINING INC.

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

|  | Note | September 30, 2021   | December 31, 2020    |
|--|------|----------------------|----------------------|
| <b>Assets</b>                            |      |                      |                      |
| <b>Current</b>                           |      |                      |                      |
| Cash and cash equivalents                |      | \$ 3,644,017         | \$ 7,604,968         |
| Amounts receivable                       |      | 4,788                | 4,477                |
| Goods and services tax receivable        |      | 8,222                | 32,418               |
| Prepaid expenses and deposits            |      | 99,060               | 137,892              |
| Loan receivable                          | 6    | 23,500               | 23,500               |
| Share subscription receivable            | 5    | 46,455               | 46,455               |
|  |      | 3,826,042            | 7,849,710            |
| <b>Non-current</b>                       |      |                      |                      |
| Equipment, net                           |      | -                    | 2,950                |
| Mineral properties                       | 3    | 27,515,177           | 27,515,177           |
| <b>Total Assets</b>                      |      | <b>\$ 31,341,219</b> | <b>\$ 35,367,837</b> |
| <b>Liabilities</b>                       |      |                      |                      |
| <b>Current:</b>                          |      |                      |                      |
| Accounts payable and accrued liabilities | 4    | \$ 579,207           | \$ 143,686           |
| Amount owing on mineral properties       | 3    | 637,050              | 636,600              |
|  |      | 1,216,257            | 780,286              |
| <b>Shareholder's equity (deficiency)</b> |      |                      |                      |
| Share capital                            | 5    | 43,614,295           | 43,433,212           |
| Reserves                                 | 5    | 3,096,085            | 1,914,600            |
| Deficit                                  |      | (16,585,418)         | (10,760,261)         |
|  |      | 30,124,962           | 34,587,551           |
|  |      | <b>\$ 31,341,219</b> | <b>\$ 35,367,837</b> |

## Nature of operations (Note 1)

The condensed consolidated interim financial statements were approved by the Board of Directors on November 19, 2021 and were signed on its behalf by:

"Marc Levy"  
Director

"Charles Ross"  
Director

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

# NORSEMONT MINING INC.

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

|   |      | Three months ended September 30, |                | Nine months ended September 30, |                |
|---|------|----------------------------------|----------------|---------------------------------|----------------|
|   | Note | 2021                             | 2020           | 2021                            | 2020           |
| <b>Expenses</b>   |      |                                  |                |                                 |                |
| Consulting fees   |      | \$ 67,500                        | \$ 1,977,057   | \$ 245,754                      | \$ 2,623,144   |
| Depreciation  |      | -                                | 370            | 2,950                           | 464            |
| Exploration cost  | 3    | 2,041,984                        | 144,627        | 3,647,342                       | 144,627        |
| Investor communications   |      | 44,220                           | 276,800        | 156,098                         | 276,800        |
| Office, rent and administration   | 6    | 47,404                           | 6,624          | 141,827                         | 55,528         |
| Professional fees   | 6    | 33,581                           | 67,214         | 123,988                         | 108,269        |
| Regulatory fees   |      | 7,409                            | 14,921         | 34,971                          | 25,080         |
| Salaries & Benefits   | 6    | 115,702                          | 58,508         | 304,887                         | 58,508         |
| Share-based payments  | 5,6  | 300,880                          | -              | 1,181,485                       | 741,434        |
| Transfer agent and shareholder communication                                    |      | 1,959                            | 19,102         | 11,471                          | 24,742         |
| Travel and other expenses   |      | 461                              | 2,092          | 753                             | 14,337         |
| <b>Loss before other items</b>  |      | (2,661,100)                      | (2,567,315)    | (5,851,526)                     | (4,072,933)    |
| Foreign exchange gain   |      | 3,253                            | 55,165         | 24,254                          | 50,995         |
| Interest income   | 6    | 705                              | 725            | 2,115                           | 1,977          |
| <b>Net loss for the period</b>  |      | (2,657,142)                      | (2,511,425)    | (5,825,157)                     | (4,019,961)    |
| <b>Net loss and comprehensive loss for the period</b>                           |      | \$ (2,657,142)                   | \$ (2,511,425) | \$ (5,825,157)                  | \$ (4,019,961) |
| <b>Loss per common share - basic and diluted</b>                                |      | (0.05)                           | (0.05)         | (0.11)                          | (0.16)         |
| <b>Weighted average number of common shares outstanding - basic and diluted</b> |      | 52,203,408                       | 49,869,435     | 51,991,427                      | 25,702,103     |

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

# NORSEMONT MINING INC.

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

|  | Note | Share capital     |                   |                  |                     | Total Shareholders' Equity |
|--|------|-------------------|-------------------|------------------|---------------------|----------------------------|
|  |      | Common Shares     | Amount            | Reserves         | Deficit             |                            |
|  |      | #                 | \$                | \$               | \$                  |                            |
| Balance, December 31, 2019                   |      | 13,339,496        | 5,074,882         | 273,785          | (5,197,713)         | 150,954                    |
| Shares issued for private placement          | 5    | 20,051,340        | 15,491,952        | -                | -                   | 15,491,952                 |
| Less: Share issue costs                      | 5    | 13,076            | (492,481)         | -                | -                   | (492,481)                  |
| Shares issued for purchase of Chile property | 3,5  | 15,000,000        | 6,000,000         | -                | -                   | 6,000,000                  |
| Shares issued for exercise of warrants       | 5    | 2,219,000         | 341,800           | -                | -                   | 341,800                    |
| Shares issued for exercise of stock options  | 5    | 512,333           | 137,413           | -                | -                   | 137,413                    |
| Share-based payments                         | 5    | -                 | -                 | 741,434          | -                   | 741,434                    |
| Fair market value of stock options exercised |      | -                 | 100,359           | (100,359)        | -                   | -                          |
| Net loss                                     |      | -                 | -                 | -                | (4,019,961)         | (4,019,961)                |
| <b>Balance, September 30, 2020</b>           |      | <b>51,135,245</b> | <b>26,653,926</b> | <b>914,860</b>   | <b>(9,217,674)</b>  | <b>18,351,112</b>          |
| Shares issued for private placement          | 5    | 131,160           | 209,856           | -                | -                   | 209,856                    |
| Less: Share issue costs                      | 5    | -                 | (98,299)          | 102,899          | -                   | 4,600                      |
| Shares issued for purchase of Chile property | 3,5  | -                 | 16,229,625        | -                | -                   | 16,229,625                 |
| Shares issued for exercise of warrants       | 5    | 516,668           | 410,835           | -                | -                   | 410,835                    |
| Shares issued for exercise of stock options  | 5    | 77,000            | 14,760            | -                | -                   | 14,760                     |
| Share-based payments                         | 5    | -                 | -                 | 909,352          | -                   | 909,352                    |
| Fair market value of stock options exercised | 5    | -                 | 12,511            | (12,511)         | -                   | -                          |
| Net loss                                     |      | -                 | -                 | -                | (1,542,587)         | (1,542,587)                |
| <b>Balance, December 31, 2020</b>            |      | <b>51,860,073</b> | <b>43,433,213</b> | <b>1,914,600</b> | <b>(10,760,261)</b> | <b>34,587,552</b>          |
| Shares issued for exercise of warrants       | 5    | 343,334           | 181,082           | -                | -                   | 181,082                    |
| Share-based payments                         | 5    | -                 | -                 | 1,181,485        | -                   | 1,181,485                  |
| Net loss                                     |      | -                 | -                 | -                | (5,825,157)         | (5,825,157)                |
| <b>Balance, September 30, 2021</b>           |      | <b>52,203,407</b> | <b>43,614,295</b> | <b>3,096,085</b> | <b>(16,585,418)</b> | <b>30,124,962</b>          |

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

# NORSEMONT MINING INC.

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

|   | Nine months ended September 30, |                     |
|---|---------------------------------|---------------------|
|   | 2021                            | 2020                |
| <b>Operating activities:</b>                            |                                 |                     |
| Loss for the period                                     | \$ (5,825,157)                  | \$ (4,019,961)      |
| Adjustment for non-cash items:                          |                                 |                     |
| Depreciation  | 2,950                           | (1,936)             |
| Foreign exchange  | (24,254)                        | -                   |
| Share-based payments                                    | 1,181,485                       | 741,434             |
| Changes in working capital items:                       |                                 |                     |
| Prepaid expenses and deposits                           | 38,832                          | (54,360)            |
| Loan receivable   | -                               | (23,500)            |
| Interest receivable                                     | (311)                           | (1,962)             |
| Goods and services tax receivable                       | 24,196                          | (45,337)            |
| Accounts payable & accrued liabilities                  | 460,226                         | 746,340             |
| <b>Cash used in operating activities</b>                | <b>(4,142,033)</b>              | <b>(2,659,282)</b>  |
| <b>Investing activities:</b>                            |                                 |                     |
| Acquisition of mineral properties                       | -                               | (4,668,442)         |
| <b>Cash used in investing activities</b>                | <b>-</b>                        | <b>(4,668,442)</b>  |
| <b>Financing activities:</b>                            |                                 |                     |
| Shares issued from private placement                    | -                               | 15,491,952          |
| Share issue cost  | -                               | (492,481)           |
| Share subscription receivable                           |                                 | (121,455)           |
| Shares issued for exercise of warrants                  | 181,082                         | 341,800             |
| Shares issued for exercise of options                   | -                               | 137,413             |
| <b>Cash provided by financing activities</b>            | <b>181,082</b>                  | <b>15,357,229</b>   |
| <br>  |                                 |                     |
| (Decrease) increase in cash during the period           | (3,960,951)                     | 8,029,505           |
| Cash and cash equivalents, beginning of period          | 7,604,968                       | 260,781             |
| <b>Cash and cash equivalents, end of period</b>         | <b>3,644,017</b>                | <b>8,290,286</b>    |
| Cash and cash equivalents are made up of the following: |                                 |                     |
| Cash  | 3,644,017                       | 8,290,286           |
| <b>Total cash and cash equivalents</b>                  | <b>\$ 3,644,017</b>             | <b>\$ 8,290,286</b> |

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

# NORSEMONT MINING INC.

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)  
Three and nine months ended September 30, 2021 and 2020

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## 1. Nature of Operations

Norsemont Mining Inc. (“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. On February 22, 2020, the Company change its name to Norsemont Mining Inc.

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 900 – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1.

The Company is engaged in the acquisition, exploration, and development of mineral properties. During the year ended December 31, 2020 the Company entered into an option agreement to acquire a 100% interest in the Burge Lake Project located in the Province of Quebec and purchased a 100% interest in the Choquelimpie gold and silver project (“Choquelimpie Project”) in northern Chile.

These condensed 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, 2021, the Company had working capital of \$2,609,785 (December 31, 2020 - \$7,069,424) and accumulated deficit of \$16,585,418 (December 31, 2020 - \$10,760,261). 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 condensed consolidated interim statement of financial position.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 on business operations cannot be reasonably estimated at the time, the Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows.

## 2. Basis of Presentation and Significant Accounting Policies

### (a) Basis of presentation and consolidation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 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 consolidated interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2020.

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Rosswoll Industries Inc. (“Rosswoll”) and Tavros Gold Corp. (“Tavros”), incorporated in British Columbia. Sociedad Contractual Minera Vilacollo (“SCMV”) is a wholly owned subsidiary of Tavros, incorporated in Chile. All significant intercompany balances and transactions were eliminated on consolidation.

# NORSEMONT MINING INC.

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)  
Three and nine months ended September 30, 2021 and 2020

## 3. Mineral Properties

### a. Canada

|                           | Balance<br>December 31<br>2020 | Additions | Balance<br>September 30<br>2021 |
|---------------------------|--------------------------------|-----------|---------------------------------|
|                           | \$                             | \$        | \$                              |
| Burge Lake Project        |                                |           |                                 |
| Acquisitions costs - cash | 38,124                         | -         | 38,124                          |
| Total                     | 38,124                         | -         | 38,124                          |

On May 4, 2020, the Company entered into an option agreement with La Croix Exploration Ltd. ("Optionor") to acquire a 100% interest in the Burge Lake project located in the province of Quebec.

In order to exercise the option and to maintain the option in good standing, the Company is required to:

(a) Pay the Optionor upon signing of the option agreement:

- \$5,000 in cash (paid);
- An additional \$20,000 in cash within 14 days (paid);
- An additional \$10,000 in cash within 90 days (paid);
- An additional \$ 100,000 in cash within 12 months; and
- An additional \$ 150,000 in cash within 24 months.

(b) Incur expenditures on the property as follows:

- \$250,000 within 24 months of the signing of the option agreement.

During the period ended September 30, 2021, the Company incurred \$nil (2020 - \$nil) in exploration costs related to the Burge Lake Project in Canada. The option agreement is in default as required payments were not made in 2021.

### b. Chile

|                                      | Balance<br>December 31<br>2020 | Additions | Balance<br>September 30<br>2021 |
|--------------------------------------|--------------------------------|-----------|---------------------------------|
|                                      | \$                             | \$        | \$                              |
| Choquelimpie gold and copper project |                                |           |                                 |
| Acquisitions costs - cash            | 5,247,428                      | -         | 5,247,428                       |
| Acquisitions costs - shares          | 22,229,625                     | -         | 22,229,625                      |
| Total                                | 27,477,053                     | -         | 27,477,053                      |

On July 15, 2020, the Company completed a share purchase agreement, where the Company acquired all the issued and outstanding shares of Tavros from its shareholders pursuant to which the Company acquired the Choquelimpie Project located in northern Chile.



# NORSEMONT MINING INC.

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)  
Three and nine months ended September 30, 2021 and 2020

## 3. Mineral Properties (Continued)

The acquisition did not meet the definition of a business under IFRS 3; therefore the acquisition of Tavros was accounted for as an acquisition of exploration and evaluation asset.

The consideration are as follows:

|  | Status        |
|--|---------------|
| i. USD \$250,000 in cash payment by May 4, 2020                    | Paid          |
| ii. USD \$250,000 in cash payment on or before May 31, 2020        | Paid          |
| iii. Evidence of \$1,500,000 minimum funds raised                  | Completed     |
| iv. USD \$1,500,000 in cash payment on or before July 15, 2020     | Paid          |
| v. USD \$300,000 in cash payment by July 15, 2020                  | Paid          |
| vi. \$550,000 in cash payment for finder's fee by July 16, 2020    | Paid          |
| vii. Issuance of 15,000,000 shares on or before July 31, 2020      | Issued        |
| viii. USD \$500,000 in cash payment on or before November 30, 2020 | Paid          |
| ix. USD \$500,000 in cash payment on or before November 30, 2021   | Not completed |

In 2020 the Company has paid or accrued a total of \$5,247,428 in cash and issued 15,000,000 shares (with a fair value of \$22,229,625) in respect to the acquisition of the Choquelimpie Project. The remaining balance of USD\$500,000 (\$637,050) was recorded in current liability as at September 30, 2021 (December 31, 2020: \$636,600).

The 15,000,000 shares issued in escrow will be released as follows: 10% on the closing date of the agreement; 20% on the date that is 6 months from the closing date; 20% on the date that is 12 months from the closing date; 25% on the date that is 18 months from the closing date and 25% on the date that is 24 months from the closing date. As at September 30, 2021, 50% of shares in escrow were released in accordance with the requirements of the agreement.

### c. Exploration Costs

During the period ended September 30, 2021, the Company incurred \$3,647,342 (three and nine months ended September 30, 2020: \$144,627) in exploration costs related to the Choquelimpie Project in Chile.

|                                    | Three months ending<br>September 30, 2021 | Nine months ending<br>September 30, 2021 |
|------------------------------------|---|--|
|                                    | \$  | \$                                       |
| Consulting fees                    | 189,850                                   | 427,164                                  |
| Field operating costs              | 138,217                                   | 276,701                                  |
| Field/Camp repairs and maintenance | 191,414                                   | 284,838                                  |
| Geo assays and materials           | 257,222                                   | 667,387                                  |
| Geophysics campaign                | 243,706                                   | 243,706                                  |
| Mining property and water rights   | 38,685                                    | 140,625                                  |
| Office and administration          | 56,695                                    | 124,476                                  |
| Salaries                           | 344,552                                   | 818,021                                  |
| Sonic Drilling                     | 485,260                                   | 485,260                                  |
| Travel expenses                    | 96,381                                    | 179,162                                  |
|                                    | 2,041,984                                 | 3,647,342                                |

# NORSEMONT MINING INC.

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)  
Three and nine months ended September 30, 2021 and 2020

## 4. Accounts Payable and Accrued Liabilities

|                          | September 30,<br>2021 | December 31,<br>2020 |
|--------------------------|-----------------------|----------------------|
|                          | \$                    | \$                   |
| Accounts Payable         | 58,086                | 103,059              |
| Accounts Payable - Chile | 507,625               | -                    |
| Accrued Liabilities      | 1,000                 | 21,000               |
| Payroll Liabilities      | 12,496                | 19,627               |
| Total                    | 579,207               | 143,686              |

## 5. Share Capital and Reserves

### (a) Authorized

An unlimited number of common shares without par value.

### (b) Issued share capital

As at September 30, 2021 and December 31, 2020, there were 52,203,407 and 51,860,073 issued and outstanding common shares, respectively.

During the period ended September 30, 2021:

- During the period ended September 30, 2021, a total of 343,334 common shares were issued pursuant to warrant exercises for gross proceeds of \$181,082.

During the year ended December 31, 2020:

- On October 9, 2020, the Company issued 131,160 units at \$1.60 per unit for gross proceeds of \$209,856 as part of a private placement financing. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of \$2.50 per share until October 9, 2021.
- On September 28, 2020, the Company issued 942,715 units at \$1.60 per unit for gross proceeds of \$1,508,344 as part of a private placement financing. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of \$2.50 per share until September 28, 2021. The Company paid share issuance cost of \$205,119, including the issuance of 62,125 broker's warrants with a value \$102,899 and cash paid of \$102,220 to certain eligible finders in connection with the private placement.
- On August 28, 2020, the Company issued 540,875 units at \$1.60 per unit for gross proceeds of \$865,400 as part of a private placement financing. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of \$2.50 per share until August 28, 2021. Total share issuance cost of \$60,578 were paid to certain eligible finders in connection with the private placement.
- On August 21, 2020, the Company issued 817,750 units at \$1.60 per unit for gross proceeds of \$1,308,400 as part of a private placement financing. Of these 817,750 units, 100,000 units were issued to a consultant for service rendered to the Company and 37,500 units were issued to a consultant to settle debt amount of \$60,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of \$2.50 per share until August 21, 2021. Total share issuance cost of \$50,282 were paid to certain eligible finders in connection with the private placement.

# NORSEMONT MINING INC.

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)  
Three and nine months ended September 30, 2021 and 2020

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## 5. Share Capital and Reserves (continued)

### (b) Issued share capital (continued)

- On July 20, 2020, the Company issued 4,475,500 units at \$1.00 per unit for gross proceeds of \$4,475,500 as part of a private placement financing. \$8,649 of the gross proceeds are in shares subscription receivable. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire one share at a price of \$1.50 share July 20, 2021. Total share issuance cost of \$180,709 were paid to certain eligible finders in connection with the private placement.
- On July 15, 2020, the Company issued 15,000,000 common shares valued at \$22,229,625 pursuant to the share purchase agreement of the Choquelimpie Project in Chile (Note 3).
- On July 10, 2020, the Company issued 1,024,500 units at \$1.00 per unit for gross proceeds of \$1,024,500 as part of a private placement financing. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of \$1.50 per share until July 10, 2021. Total share issuance cost of \$3,200 were paid to certain eligible finders in connection with the private placement.
- On June 22, 2020, the Company issued 2,024,901 units at \$0.75 per unit for gross proceeds of \$1,518,677 as part of a private placement. Of these 2,024,901 units, 100,000 units were issued to a consultant for service rendered to the Company. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire one share at a price of \$1.10 until June 22, 2021. The Company paid share issuance cost of \$56,804, including the issuance of 13,076 common shares at the offering price (with a fair value of \$9,807) and cash paid of \$46,997 to certain eligible finders in connection with the private placement.
- On June 15, 2020, the Company issued 1,975,099 units issued at \$0.75 per unit for gross proceeds of \$1,481,324 as part of a private placement financing. \$37,806 of the gross proceeds are in shares subscription receivable. Of these 1,975,099 units, 37,333 units were issued to a consultant to settle debt of \$28,000. Each unit consists of one common share of the Company and one-half of one transferable common share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of \$1.10 per share until June 15, 2021. Total share issuance cost of \$17,286 were paid to certain eligible finders in connection with the private placement.
- On June 1, 2020, the Company issued 8,250,000 units at \$0.40 per unit for gross proceeds of \$3,300,000 as part of a private placement financing. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of \$0.75 per share until June 1, 2021. Total share issuance cost of \$16,802 were paid to certain eligible finders in connection with the private placement. This private placement also satisfied the Choquelimpie Project share purchase agreement where a minimum of \$1,500,000 funds is to be raised.
- During the year ended December 30, 2020, a total of 589,333 common shares were issued for the exercise of options for gross proceeds of \$152,173. As a result, \$112,870 were transferred from contributed surplus to share capital.
- During the year ended December 31, 2020, a total of 2,735,668 common shares were issued for the exercise of warrants for gross proceeds of \$752,635 (see Note 5c).

As at September 30, 2021, 7,500,000 shares were released from escrow, and 7,500,000 shares remains in escrow pursuant to the acquisition of Tavros (Note 3).

# NORSEMONT MINING INC.

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)  
Three and nine months ended September 30, 2021 and 2020

## 5. 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, 2019                  | 2,387,334   | 0.16             |
| Issued                                      | 11,369,626  | 1.36             |
| Exercised                                   | (2,735,668) | 0.28             |
| Balance, December 31, 2020                  | 11,021,292  | 1.39             |
| Exercised                                   | (343,334)   | 0.53             |
| Balance September 30, 2021                  | 10,677,958  | 1.41             |
| Weighted average remaining contractual life |             | 0.25 years       |

Warrants outstanding at September 30, 2021 are as follows:

| Exercise Price | Warrants Outstanding | Expiry Date     |
|----------------|----------------------|-----------------|
| \$             | #                    |                 |
| 0.75           | 3,550,000            | January 1, 2022 |
| 1.10           | 920,882              | January 1, 2022 |
| 1.10           | 962,451              | January 1, 2022 |
| 1.50           | 512,250              | January 1, 2022 |
| 1.50           | 2,237,750            | January 1, 2022 |
| 2.50           | 817,750              | January 1, 2022 |
| 2.50           | 540,875              | January 1, 2022 |
| 2.50           | 942,715              | January 1, 2022 |
| 1.60           | 62,125               | January 1, 2022 |
| 2.50           | 131,160              | January 1, 2022 |
| Total          | 10,677,958           |                 |

### (d) Stock options

On July 3, 2020, the Company adopted an Omnibus Equity Incentive Plan ("Plan"). The purpose of this Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants of the Company and its subsidiaries. As well, such Directors, Employees and Consultants may be granted awards under this Plan by the Board from time to time for their contributions toward the long-term goals and success of the Company and to enable and encourage such Directors, Employees and Consultants to acquire common shares of the Company as long-term investments and proprietary interests in the Company.

# NORSEMONT MINING INC.

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## 5. Share Capital and Reserves (continued)

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

|   | Options<br>Outstanding | Weighted<br>Average<br>Exercise Price |
|---|------------------------|---------------------------------------|
|   | #                      | \$                                    |
| Balance, December 31, 2019                  | 1,324,333              | 0.24                                  |
| Granted                                     | 2,620,000              | 1.60                                  |
| Exercised                                   | (589,333)              | 0.26                                  |
| Cancelled                                   | (35,000)               | 0.28                                  |
| Balance, December 31, 2020                  | 3,320,000              | 1.31                                  |
| Granted                                     | 2,080,000              | 0.62                                  |
| Cancelled                                   | (1,300,000)            | 1.60                                  |
| Balance, September 30, 2021                 | 4,100,000              | 0.87                                  |
| Weighted average remaining contractual life |                        | 3.69 years                            |

The weighted average fair value of options granted during the three and nine period ended September 30, 2021 was \$Nil and \$0.41 (three and nine months period ended September 30, 2020 was \$1.36 and 1.02) per option.

Vested and non-vested stock options outstanding at September 30, 2021 are as follows:

| Exercise<br>Price | Options<br>Outstanding | Expiry Date       | Vested Options<br>Exercisable | Non vested<br>Options |
|-------------------|------------------------|-------------------|-------------------------------|-----------------------|
| \$                | #                      |                   | #                             |                       |
| 0.32              | 50,000                 | February 2, 2022  | 50,000                        | -                     |
| 0.40              | 40,000                 | April 27, 2023    | 40,000                        | -                     |
| 0.305             | 300,000                | July 2, 2024      | 300,000                       | -                     |
| 0.18              | 305,000                | October 30, 2025  | 305,000                       | -                     |
| 0.28              | 50,000                 | November 2, 2026  | 50,000                        | -                     |
| 0.49              | 75,000                 | May 5, 2025       | 75,000                        | -                     |
| 0.54              | 100,000                | May 13, 2025      | 100,000                       | -                     |
| 1.73              | 100,000                | June 16, 2025     | 100,000                       | -                     |
| 1.83              | 200,000                | June 29, 2025     | 200,000                       | -                     |
| 1.94              | 250,000                | July 27, 2025     | 125,000                       | 125,000               |
| 2.27              | 50,000                 | July 28, 2025     | 25,000                        | 25,000                |
| 1.72              | 400,000                | October 5, 2025   | 150,000                       | 250,000               |
| 1.65              | 100,000                | October 7, 2025   | 37,500                        | 62,500                |
| 0.74              | 135,000                | February 23, 2026 | 135,000                       | -                     |
| 0.70              | 200,000                | February 23, 2026 | 50,000                        | 150,000               |
| 0.56              | 100,000                | March 5, 2026     | 25,000                        | 75,000                |
| 0.60              | 1,210,000              | April 20, 2026    | 151,250                       | 1,058,750             |
| 0.60              | 350,000                | April 21, 2026    | 43,750                        | 306,250               |
| 0.63              | 85,000                 | May 3, 2026       | 10,625                        | 74,375                |
|                   | 4,100,000              |                   | 1,973,125                     | 2,126,875             |

During the three and nine months period ended September 30, 2021, the Company granted nil and 2,080,000 stock options (three and nine months period ended September 30, 2020 – 900,000 and 2,120,000). The Company recorded share-based payments of \$254,300 and \$1,075,668 for the three and nine months period ended September 30, 2021 (three and nine months period ended September 30, 2020 – nil and \$741,434).

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## 5. Share Capital and Reserves (Continued)

### (d) Stock options (Continued)

The fair values of the stock options granted during the period ended September 30, 2021 were estimated using the Black-Scholes Option Pricing Model using the following factors:

|                         | Average |
|-------------------------|---------|
| Risk free interest rate | 0.88%   |
| Dividend yield          | 0.00%   |
| Stock price volatility  | 90.79%  |
| Expected life           | 5 years |

### (e) Restricted share units

RSUs granted to directors vest over a period of 2 years. The continuity of RSUs issued and outstanding is as follows:

|                             | RSUs<br>Outstanding<br># | Weighted<br>Average<br>Fair value<br>\$ |
|-----------------------------|--------------------------|---|
| Balance, December 31, 2020  | -                        | -                                       |
| Granted                     | 440,000                  | 0.56                                    |
| Cancelled                   | -                        | -                                       |
| Balance, September 30, 2021 | 440,000                  | 0.56                                    |

The total share-based payments related to RSUs for the three and nine months ended September 30, 2021, was \$46,580 and \$105,817, respectively (three and nine months ended September 30, 2020: \$nil).

### (f) 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.

## 6. 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 Sept. 30, |         | Nine months ended Sept. 30, |         |
|--------------------------------------|------------------------------|---------|-----------------------------|---------|
|                                      | 2021                         | 2020    | 2021                        | 2020    |
|                                      | \$                           | \$      | \$                          | \$      |
| Consulting fees                      | -                            | 67,800  | -                           | 67,800  |
| Office, rent and administration, net | 18,991                       | (1,858) | 60,986                      | 57,192  |
| Professional fees <sup>(1)</sup>     | 30,000                       | 40,500  | 111,000                     | 62,475  |
| Salaries                             | 60,600                       | 20,000  | 187,800                     | 20,000  |
| Stock based compensation             | 221,961                      | -       | 589,171                     | -       |
|                                      | 331,552                      | 126,442 | 948,957                     | 207,467 |

<sup>(1)</sup> Professional fees paid to a company controlled by the CFO of the Company for accounting and corporate secretarial services provided.

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

### (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, CEO and CFO. During the three and nine months ended September 30, 2021, the fair value of share-based payments granted to key management personnel were \$221,961 and \$589,171, respectively (three and nine months ended September 30, 2020 – \$113,741).

### (c) Related party balances

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

|   | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
|   | \$                 | \$                |
| Company having directors and officers in common | 2,000              | 2,000             |

The following related party amounts are included in accounts payable:

|   | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
|   | \$                 | \$                |
| Company having directors and officers in common | 4,788              | (5,884)           |
| Amount owing to the CEO of the Company          | -                  | 7,254             |

### (d) Loan to related party

As at September 30, 2021, the Company had a loan receivable outstanding from a company that has common directors and officers of \$23,500 (2020: \$23,500). The loan is due on demand and has an annual interest rate of 12%. The Company has accrued interest of \$2,115 on this loan during the nine months ending September 30, 2021.

## 7. Risk Management

### a) Fair value of financial instruments

The fair values of cash, amounts receivable, loan receivable, accounts payables and accrued liabilities, and amounts owing on mineral properties approximate their carrying values due to the short-term maturity of those instruments. The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

### b) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash, and amount receivable. The Company's maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company reduces its credit risk by maintaining its bank accounts at large financial institutions. The amount receivable was due from a related party. Credit risk associated with receivable was considered moderate.

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## 7. Risk Management (continued)

### c) 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 that it will have sufficient liquidity to settle liabilities and obligations when they become due. As at September 30, 2021, the Company had cash of \$3,644,017 to settle current liabilities of \$1,216,257. Liquidity risk is assessed as low.

### d) Currency risk

Currency risk is the risk that fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange rate risk mainly due to its exploration activities in Chile. The Company manages its risk by using large accredited financial institutions to process its foreign currency transactions ensuring market rate of foreign exchange.

### e) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at September 30, 2021, the Company did not have any financial instruments subject to significant interest rate risk.

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of 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 data.

The Company's cash is measured at fair value. Cash is measured using level 1 inputs.

## 8. 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. 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 is not subject to externally imposed capital requirements and there were no changes in the Company's management of capital during the period ended September 30, 2021.



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## 9. Subsequent events

The following events occurred subsequent to September 30, 2021:

- a) On October 1, 2021, the Company announced that Mr. Bill Koutsouras has resigned from the Company's Board of Directors effective immediately. Mr. Koutsouras has joined Norsemont's advisory board and will continue to advise the Company;
- b) 1,100,000 stock options with a weighted average exercise price of \$1.81 were cancelled;
- c) On October 21, 2021, the Company announced the appointment of Mr. Kyle Haddow to the Board of Directors;
- d) On October 21, 2021, 210,000 stock options with an exercise price of \$0.74 were granted to directors, officers, employees and consultants of the Company. The options vest over a period of two years and expire in October 2026.