

**NORSEMAN CAPITAL LTD.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
**Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Funds)**  
**For the Six Months Ended March 31, 2020 and 2019**  
(Unaudited – Prepared by Management)

**NORSEMAN CAPITAL LTD.  
(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**

**CONTENTS**

	<b>Pages</b>
Notice of No Auditor Review of Interim Financial Statements	3
Condensed Interim Consolidated Statements of Financial Position	4
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss	5
Condensed Interim Consolidated Statements of Changes in Shareholders’ Equity	6
Condensed Interim Consolidated Statements of Cash Flows	7
Notes to Condensed Interim Consolidated Financial Statements	8 - 27

## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of **Norseman Capital Ltd. (Formerly, “GEM International Resources Inc.”)** 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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)

	Note	March 31, 2020	September 30, 2019
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash		\$ 110,839	\$ 79
Other receivables	3	8,668	5,338
		<b>119,507</b>	<b>5,417</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities	8	\$ 86,995	\$ 300,627
Loans payable	4	-	173,236
		<b>86,995</b>	<b>473,863</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	27,380,432	26,717,682
Contributed surplus		3,771,991	3,771,991
Deficit		(31,119,911)	(30,958,119)
		<b>32,512</b>	<b>(468,446)</b>
		<b>\$ 119,507</b>	<b>\$ 5,417</b>

<b>Nature of Operations and Going Concern</b>	1
<b>Events after the reporting date</b>	11

*On behalf of the Board of Directors:*

“John W. Barr”, Director  
John W. Barr

“J. Campbell Smyth”, Director  
J. Campbell Smyth

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

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Consolidated Statements of Loss and Comprehensive Income (Loss)  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

	Note	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>General and Administrative Expenses</b>					
Audit, accounting and legal	9	\$ 27,893	\$ 4,120	\$ 48,817	\$ 10,870
Bank charges interest and financing fees		2,371	2,316	3,116	6,000
Consulting fees	9	22,500	15,689	62,000	38,869
Office and miscellaneous		1,649	380	1,649	380
Regulatory and transfer agent fees		5,647	6,378	18,581	9,140
Shareholders information		2,956	-	2,956	-
Stock-based compensation		85,432	-	85,432	-
Travelling and promotion		8,103	-	26,974	10,151
Loss from operations		<u>(156,553)</u>	<u>(28,882)</u>	<u>(249,525)</u>	<u>(75,409)</u>
<b>Other Income:</b>					
Foreign exchange gain		(2,380)	(7)	2,299	(7)
Interest income		-	-	2	-
<b>Net and comprehensive loss for the period</b>		<u>\$ (154,173)</u>	<u>\$ (28,889)</u>	<u>\$ (247,224)</u>	<u>\$ (75,416)</u>
<b>Basic and diluted loss per share</b>		<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
<b>Weighted average number of common shares outstanding</b>		<u>58,265,639</u>	<u>58,265,639</u>	<u>58,265,639</u>	<u>58,265,639</u>

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

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Consolidated Statements of Changes in Shareholders’ Equity  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
<b>Balance, September 30, 2018</b>	<b>5,826,554</b>	<b>\$26,717,682</b>	<b>\$3,771,991</b>	<b>(\$31,021,204)</b>	<b>(\$531,531)</b>
Net loss for the period	-	-	-	(75,416)	(75,416)
<b>Balance, March 31, 2019</b>	<b>58,265,539</b>	<b>\$26,717,682</b>	<b>\$3,771,991</b>	<b>(\$31,096,620)</b>	<b>(\$606,947)</b>
Net income for the period	-	-	-	138,501	138,501
<b>Balance, September 30, 2019</b>	<b>5,826,554</b>	<b>\$26,717,682</b>	<b>\$3,771,991</b>	<b>(\$30,958,119)</b>	<b>(\$468,446)</b>
Net loss for the period	-	-	-	(247,224)	(247,224)
Stock-based compensation	-	-	85,432	-	85,432
Shares issued – share for debt	5,255,000	262,750	-	-	262,750
Shares issued – private placement	8,000,000	400,000	-	-	400,000
<b>Balance, March 31, 2020</b>	<b>19,081,554</b>	<b>\$27,380,432</b>	<b>\$3,857,423</b>	<b>(\$31,205,343)</b>	<b>\$32,512</b>

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

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Consolidated Statements of Cash Flows  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Operating Activities</b>				
Net loss for the period	\$ (68,739)	\$ (28,889)	\$ (161,792)	\$ (75,416)
Changes in non-cash working capital				
- other receivables	(2,535)	(348)	(3,330)	(394)
- accounts payable and accrued liabilities	(55,531)	2,200	(213,632)	(157,892)
- disputed claims	-	-	-	202,316
Net cash used in operating activities	<b>(126,803)</b>	<b>(27,037)</b>	<b>(378,754)</b>	<b>(31,386)</b>
<b>Financing Activities</b>				
Loan payable	-	26,853	(173,236)	31,195
Net cash provided by financing activities	-	26,853	<b>173,236</b>	<b>31,195</b>
<b>Investing Activities</b>				
Shares issued – private placement	-	-	400,000	-
Shares issued – shares for debt	-	-	262,750	-
	-	-	<b>662,750</b>	-
<b>Increase (decrease) in cash</b>	<b>(126,805)</b>		<b>110,760</b>	
<b>Cash, beginning of period</b>	<b>237,644</b>	1,788	<b>79</b>	1,795
<b>Cash, end of period</b>	<b>\$ 110,839</b>	<b>\$ 1,604</b>	<b>\$ 110,839</b>	<b>\$ 1,604</b>

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

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**1. Nature of Operations**

Norseman Capital Ltd. (Formerly, Gem International Resources Inc. (the “Company”) was incorporated on September 25, 1985 under the laws of British Columbia, Canada and is a junior natural resource company. The common shares of the Company are listed on NEX under the symbol NOC.H. The Company is primarily engaged in the acquisition, exploration and development of mineral properties. All of the Company’s activities to date have been of an exploratory nature.

The address of the Company’s registered office and principal place of business is the 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3.

**Going Concern**

The Company has not yet determined whether any of its properties contain mineral deposits that are economically recoverable. The recoverability of any amounts shown as deferred mineral interest costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of its properties.

While the Company’s consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events indicate a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. For the six months ended March 31, 2020, the Company reported a net loss of \$161,792 (2019: \$75,416) and as at March 31, 2020, the Company had net working capital surplus of \$32,512 (September 30, 2019: working capital deficit of \$(468,446)). The Company does not have sufficient funds available to bring its mineral properties to production, if possible, which would allow it to be self-sustaining. The Company will need additional financing to continue exploring, and if successful develop its properties to bring it to the production stage. While in the past the Company has been successful in obtaining funding from equity financings, option agreements, loans or through other arrangements, there is no assurance that these initiatives will be successful in the future.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material. The directors of the Company have approved these consolidated financial statements.

## 2. Significant Accounting Policies

### b) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended September 30, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 30, 2020, the date the Board of Directors approved these condensed interim consolidated financial statements.

### Basis of Presentation

These consolidated financial statements were prepared on an accrual basis and are based on historical costs, except for financial instruments measured at fair value.

### c) Critical Accounting Estimates, Judgments and Uncertainties

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

#### *Critical Accounting Estimates and Assumptions*

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

##### *Share-Based payments*

The Company uses the Black Scholes pricing model to estimate the fair value of stock options granted and warrants issued. Under this model, the Company must estimate the term, volatility and if applicable, the forfeiture rate of options granted and warrants issued.

#### *Critical Accounting Judgments*

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

##### *Depreciation rates*

The application of determining the useful lives of equipment are estimates by management based on assumptions about future events. Estimates and assumption made may change if new information becomes available. New information may become available during the use of the equipment that causes the Company to adjust its estimate.

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**2. Significant Accounting Policies - *continued***

**c) Critical Accounting Estimates, Judgments and Uncertainties - *continued***

*Critical Accounting Judgments - continued*

*Impairment of non-financial assets*

The Company reviews and evaluates its property, including exploration and evaluation assets, plant and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

*Revenue Recognition*

The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration that it is entitled to in exchange for the goods and services transferred to the customer. For collaborative arrangements that fall within the scope of IFRS 15, the Company applies the revenue recognition model to part or all of the arrangement, when deemed appropriate. At contract inception, the Company assesses the goods or services promised within each contract that falls under the scope of IFRS 15, to identify distinct performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Significant judgement is involved in determining whether the transaction price allocated to the license fee should be recognized over the collaboration period or at the inception of the contract and the time period over which revenue is to be recognized.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**2. Significant Accounting Policies - continued**

**c) Critical Accounting Estimates, Judgments and Uncertainties - continued**

*Critical Accounting Judgments - continued*

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

**d) Subsidiaries**

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	Portion of Ownership Interest and Voting Power Held	
			March 31, 2020	September 30 2019
Sierra Exploration and Mining Ltd.	Inactive	Tanzania	100%	100%
Gold Land Group Ltd.	Inactive	British Virgin Island	100%	100%
Ease Land Holdings Ltd.	Inactive	British Virgin Island	100%	100%

The subsidiaries have been inactive since May 1, 2014.

**e) Consolidation Principles**

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company’s accounting policies. Intercompany transactions are eliminated at consolidation.

**f) Business Combinations**

Acquisitions of subsidiaries and businesses (other than entities which were under the control of the parent) are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any acquisition-related costs incurred to effect a business combination. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 ‘*Business Combinations*’ are recognized at their fair value at the acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 ‘*Noncurrent Assets Held for Sale and Discontinued Operations*,’ which are recognized and measured at fair value less cost to sell.

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**2. Significant Accounting Policies - *continued***

**g) Functional and Presentation Currency**

The Company’s functional currency is the Canadian Dollar (“CAN”). The consolidated financial statements are presented in CAN which is the Company’s presentation currency, unless otherwise noted.

All amounts in these consolidated financial statements are rounded to the nearest dollar.

**h) Exploration and Evaluation Assets**

Exploration and evaluation expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. To the extent that the expenditures are spent to establish ore reserves within the rights to explore, the Company will consider those costs as intangible assets in nature.

The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the intangible asset.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result, those exploration and expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Management reviews the facts and circumstances suggesting if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, the Company will perform an impairment test on the property in accordance with the provisions of IAS 36.

Exploration stage assets and development stage assets are considered separate CGUs for impairment testing purposes.

The amount shown for mineral properties does not necessarily represent present or future values. Recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

**Norseman Capital Ltd.**  
**(FORMERLY, "GEM INTERNATIONAL RESOURCES INC.")**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**2. Significant Accounting Policies - *continued***

**i) Foreign currency translation**

In preparing the consolidated financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the consolidated income statement.

**j) Cash and Cash Equivalents**

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less.

**k) Income Taxes**

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the income statement. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

**2. Significant Accounting Policies - *continued***

**l) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probably that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

**m) Earnings (Loss) per Share**

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

**n) Financial Instruments**

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Financial Assets*

*Classification*

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss), and
- Those to be measured after initial recognition at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

*Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**2. Significant Accounting Policies – *continued***

**n) Financial Instruments-cont’d**

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented in the Statement of Loss and Comprehensive Loss in the period which it arises.

*Impairment of Financial Assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit loss. The Company shall recognize in the statements of income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*Financial Liabilities*

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**2. Significant Accounting Policies - *continued***

**n) Financial Instruments-cont’d**

amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and due to related parties are classified as financial liabilities held at amortized cost.

The adoption of IFRS 9 did not impact the carrying value of any financial asset or financial liability on the transition date. The table below illustrates the change in classification of the Company's financial instruments under IAS 39 and IFRS 9.

Line Item	IFRS9	IAS 39	
	New Classification	Original Classification	Measurement Model
Cash	FVTPL	FVTPL	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Other liabilities	Amortized cost
Loans payable	Amortized cost	Other liabilities	Amortized cost

**o) Share Capital**

(i) Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.

(ii) Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

(iii) The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

**2. Significant Accounting Policies - *continued***

**p) Flow-Through Shares**

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares. Flow-through common shares are recognized in equity based on the quoted price of the existing shares on the date of the issue. The difference between the amounts recognized in common shares and the amount the investor pays for the shares is recognized as another liability which is reversed into earnings as eligible expenditures are incurred. The deferred tax impact is recorded prospectively upon renunciation of the related tax benefits, provided it is expected the Company will incur the required eligible expenditures.

When flow-through expenditures are renounced, a portion of the future income tax assets that were not previously recognized, are recognized as a recovery of deferred income taxes in net income.

**q) Share-based Payments**

The share option plan allows the Company’s employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payments with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of the goods or services received.

**Warrants issued in equity financing transactions**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the share issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**2. Significant Accounting Policies - *continued***

**q) Share-based Payments - *continued***

**Warrants issued in equity financing transactions - *continued***

From time to time in connection with private placements, the Company issues compensatory warrants to agents (“Agent Warrants”) as commission for services. Awards of Agent Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Agent Warrants are issued. Any consideration received upon exercise of Agent Warrants is credited to share capital. The application of the fair value based method requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the Agent Warrants.

**r) Accounting Standards, Amendments and Interpretations**

**New Standards, Amendments and Interpretations Effective for the first time**

**IFRS 16 Leases**

On September 1, 2019, the company, adopted on a modified retrospective basis, for the first time, IFRS 16 - Leases. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative figures are not restated to reflect the adoption of IFRS 16.

IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot be easily determined, the Company’s incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is re-measured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. However, the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of re-measurement in profit or loss.

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**2. Significant Accounting Policies - *continued***

**r) Accounting Standards, Amendments and Interpretations – *continued***

**New Standards, Amendments and Interpretations Effective for the first time - *continued***

**IFRIC 23 – Uncertainty over Income Tax Treatment (“IFRIC 23”)**

This new standard, also to be effective for annual report periods beginning on or after January 1, 2019, clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments, addressing four specific issues:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity should make about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit or loss, taxes bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Company has reviewed the standard and believes that this does not have an impact on the Company’s condensed consolidated interim financial statements due to its taxable loss position.

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

**3. Other Receivables**

	<b>March 31, 2020</b>	September 30, 2019
GST receivable	<b>\$ 8,668</b>	\$ 5,338

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**4. Loans Payable**

**MOSMAN OIL AND GAS LIMITED**

Pursuant to a Loan Agreement dated March 28, 2018 between the Company (“the Borrower”) and Mosman Oil and Gas Limited (“the Lender”), a related company will provide an advance up to \$100,000 in Canadian dollars to the Borrower which bears interest at 5% per annum, payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of \$10,000 in Canadian dollars will be charged and repaid on December 31, 2018. As at September 30, 2019, the advance under the loan was \$100,000 CAD (see Note 8 - Related Party Transactions). During the three months ended December 31, 2019, the loan was paid through shares issued for debt (See Note 5 b.)

**CLARIDEN CAPITAL PTY LTD.**

Pursuant to a Loan Agreement dated April 24, 2018, the Company (the “Borrower”) and Clariden Capital Pty Ltd. (the “Lender”), a related company founded by the new director, will provide an advance of up to \$50,000 in Canadian dollars to the Borrower which bears interest at 5% per annum payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of \$10,000 in Canadian dollars will be charged and repaid on December 31, 2018. As at September 30, 2019, the advance under the loan was \$50,000 CAD (see Note 8 – Related Party Transactions). During the three months ended December 31, 2019, the loan was paid through shares issued for debt (See Note 5 b.)

**LOANS - OTHERS**

A group of individuals (the “Lenders”) executed loan agreements dated January 11, 2019 with the Company for an aggregate of \$50,000 AUD of which \$12,500 AUD was advanced by an individual related to a certain director and \$12,500 AUD was advanced by Clariden Capital Pty Ltd. The loan agreements have identical terms and are repayable in full on December 31, 2019. Interest is payable by the Company to the Lender on the Principal Sum at 5% per annum. As at September 30, 2019, the loan payable was \$25,000 AUD (CAD: \$23,236). (See Note 8 – Related Party Transactions). During the three months ended December 31, 2019, the loan was paid through shares issued for debt (See Note 5 b.)

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**5. Share Capital**

a) Authorized:

Unlimited number of common shares without par value

b) Issued:

There was no share capital activity during the period ended 31 March 2020 and 2019.

c) Share purchase warrants

Share purchase warrants activities for the year ended December 31, 2019 and 2018 were as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life Remaining in Years
<b>Balance, September 30, 2017</b>	<b>4,212,000</b>	<b>\$0.15</b>	<b>0.96</b>
<b>Expired</b>	<b>(2,412,000)</b>	<b>0.15</b>	
<b>Balance, September 30 and December 31, 2018</b>	<b>1,800,000</b>	<b>0.15</b>	<b>-</b>
<b>Expired</b>	<b>(1,800,000)</b>	<b>0.15</b>	<b>-</b>
<b>Balance, September 30 and March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2020 and 2019, there were no share purchase warrants outstanding.

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**5. Share Capital - *continued***

d) Stock Options

On January 2, 2020, the Company granted options to acquire a total of 1,600,000 common shares of the Company to employees, officers, directors and consultants at the exercise price of \$0.05 per share for a period of five years, subject to vesting requirements. Of the 1,600,000 stock options granted; 1,200,000 of the stock options were granted to the directors of the Company.

On February 25, 2020, the Company announced that the TSX Venture Exchange (“TSXV”) has approved the Company’s proposed name change to “Norseman Capital Ltd.” The effective date for the name change is anticipated to be on or around March 2, 2020. Upon completion of the Name Change, the common shares of the Company will be listed for trading on the TSXV under the symbol NOC.H.

As at March 31, 2019, there were no options outstanding.

**6. Financial Instruments and Risk Management**

The Company’s financial instruments include cash, accounts payable and accrued liabilities and loans payable. The carrying values of these financial instruments approximate their fair value due to their short-term maturity. Cash is the only financial asset that is measured at fair value subsequent to initial recognition, which is measured based on level 1 input of the fair value hierarchy.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

a) *Credit Risk*

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's cash is held in a major Canadian financial institution which is considered to have high creditability. Management believes that the Company have no significant credit risk.

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**6. Financial Instruments and Risk Management - continued**

*b) Liquidity Risk - continued*

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with its financial liabilities as they fall due. The Company’s objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. The Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures.

As of March 31, 2020, the Company does not have sufficient cash and highly liquid investments on hand to meet current liabilities and its expected administrative requirements for the coming year. As at March 31, 2019, the Company had cash of \$110,839 (September 30, 2019: \$79) and total liabilities of \$86,995 (September 30, 2019: \$473,863).

To execute its planned exploration program for the next twelve months, the Company will need to raise additional funds through the issuance of equity or debt instruments or the sale of assets. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and cash equivalents, and expected exercise of stock options and share purchase warrants.

*c) Market Risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency and other price risk.

*i - Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balance and periodically short term investments. Due to the short-term nature of these financial instruments, Management believes that risks related to interest rates are not significant to the Company at this time.

*ii - Foreign Currency Risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has mineral property interests in Tanzania and is exposed to foreign currency risk to the extent it will incur mineral exploration expenditures and certain operating costs in US dollars. The Company does not presently manage currency risks through hedging or other currency management tools.

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**8. Related Party Transactions**

The following is a summary of related party transactions that occurred during the period ended March 31, 2020.

The following is a summary of related party transactions that occurred during the period ended March 31, 2020.

- a) Office rent of \$Nil (2019 - \$Nil) and accounting fees of \$Nil (2019 - \$Nil) were incurred by the Company and as at March 31, 2020, \$Nil (2019 - \$37,800) remained payable to a company related to a former director of the Company;
- b) Incurred consulting fees of \$Nil (2019 - \$Nil) and as at March 31, 2020, \$Nil (2019 - \$86,216) remained payable to a company owned by a former director of the Company;
- c) Incurred consulting fees of \$Nil (2019 - \$Nil); and as at March 31, 2020, \$Nil (2019 - \$34,600) remained payable to a company owned by a former director & CEO of the Company;
- d) Incurred consulting fees of \$Nil (2019 - \$Nil) and as at March 31, 2020, \$Nil (2019 - \$3,500) remained payable to a former director of the Company;
- e) Incurred consulting fees of \$Nil (2019 - \$Nil) and as at March 31, 2020, \$Nil (2019 - \$6,000) remained payable to a former director of the Company;
- f) Incurred accounting fees of \$9,500 (2019 - \$8,500) for accounting services provided by an officer of the Company and as at March 31, 2020, \$4,250 (2019- \$4,250) remained payable.
- g) Incurred consulting fees of \$15,000 (2019 – 15,989) and as at March 31, 2020, \$7,500 (2019 – \$34,415) remained payable to a company owned by the interim CEO of the Company;
- h) Incurred consulting fees of \$15,000 (2019 – \$22,879) and as at March 31, 2020, \$7,500 (2019 – \$49,479) remained payable to a company owned by a director of the company.
- i) Incurred consulting fees of \$7,500 (2019– \$Nil) and as at March 31, 2020, \$7,500 (2019 – \$Nil) remained payable to a director of the company.

Pursuant to a Loan Agreement dated March 28, 2018 between the Company (“the Borrower”) and Mosman Oil and Gas Limited (“the Lender”), a related company will provide an advance up to \$100,000 in Canadian dollars to the Borrower which bears interest at 5% per annum, payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of \$10,000 in Canadian dollars will be charged and repaid on December 31, 2018. As at September 30, 2019, the advance under the loan was \$100,000 CAD. During the three months ended December 31, 2019, the loan was paid through shares issued for debt (See Note 5 b.)

Pursuant to a Loan Agreement dated April 24, 2018, the Company (the “Borrower”) and Clariden Capital Pty Ltd. (the “Lender”), a related company founded by the new director, will provide an advance of up to \$50,000 in Canadian dollars to the Borrower which bears interest at 5% per annum payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of \$10,000 in Canadian dollars will be charged and repaid on December 31, 2018. As at September 30, 2019, the advance under the loan was \$50,000 CAD. During the three months ended December 31, 2019, the loan was paid through shares issued for debt (See Note 5 b.)

**Norseman Capital Ltd.**  
**(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.”)**  
Notes to the Consolidated Financial Statements  
For the Periods Ended March 31, 2020 and 2019  
(Expressed in Canadian Dollars)

---

**8. Related Party Transactions – *continued***

A group of individuals (the “Lenders”) executed loan agreements dated January 11, 2019 with the Company for an aggregate of \$50,000 AUD of which \$12,500 AUD was advanced by an individual related to a certain director and \$12,500 AUD was advanced by Clariden Capital Pty Ltd. The loan agreements have identical terms and are repayable in full on December 31, 2019. Interest is payable by the Company to the Lender on the Principal Sum at 5% per annum. As at September 30, 2019, the loan payable was \$25,000 AUD (CAD: \$23,236). During the three months ended December 31, 2019, the loan was paid through shares issued for debt (See Note 5 b.)

The above transactions with related parties, occurring in the normal course of operations, were measured at the fair value, are unsecured with no specific terms of repayment and are non-interest bearing; unless, otherwise stated.

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the follow:

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Key management personnel:		
Interim CEO and director	\$ 15,000	\$ 15,989
CFO	9,500	8,500
Directors	30,000	22,879
	<b>\$ 54,500</b>	<b>\$ 47,368</b>

**9. Capital Disclosures**

The Company’s objectives when managing capital are to raise the necessary equity financing to fund its exploration projects and to manage the equity funds raised which best optimizes its exploration programs and the interests of its equity shareholders at an acceptable risk.

In the management of capital, the Company includes the components of shareholders’ equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may raise additional equity funds and acquire new exploration properties as circumstances dictate.

There were no changes in the Company’s approach to capital management during the year ended March 31, 2020. The Company is not subject to externally imposed capital requirements.