Effective Date

This Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial results of Norseman Silver Inc. (Formerly, Norseman Capital Ltd.) (the "Company") for the year ended September 30, 2020. This MD&A is a complement and supplement to the consolidated financial statements for the year ended September 30, 2020. It should be read in conjunction with the Company's audited annual consolidated financial statements for year ended September 30, 2020 and related notes thereto. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and can be found on SEDAR at www.sedar.com and the Company's website www.norsemansilver.com.

All monetary amounts in this MD&A and in the Company's consolidated financial statements are expressed in Canadian dollars, unless otherwise stated.

The effective date of this MD&A is January 27, 2021.

Forward Looking Information

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results and achievements expressed or implied by such forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are also advised to consider such forward-looking statements while considering the risks set forth below.

Caution Regarding Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of gold; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- The Company's goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic resources.
- Management's economic outlook regarding future trends.
- The Company's ability to meet its working capital needs at the current level in the short term.
- Expectations with respect to raising capital; and
- Governmental regulation and environmental liability.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Description of Business and Overall Performance

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 the TSXV under the symbol NOC.H.

On August 20, 2020, the Company completed its reactivation from the NEX board of the TSX Venture Exchange ("TSXV") to Tier 2 of the TSXV and the trading of the Company's common shares commenced on the TSXV under the trading symbol "NOC" on August 24, 2020.

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

The Company is an exploration stage company with no revenues from mineral producing operations. Activities include acquiring mineral exploration properties and conducting exploration programs. The mineral exploration business is considered risky and most exploration projects will not result in producing mines. The Company may offer an opportunity to other mining companies to acquire an interest in a property in return for funding all or part of the exploration and development of a particular property. For the funding of property acquisitions and exploration that the company conducts, the Company depends on the issuance of shares from the treasury to investors. These stock issuances depend on a number of factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

Activities

Most of the costs incurred have been incurred in reorganising the capital of the Company, arranging the financing, and examining acquisitions of mining resources.

During the year ended September 30, 2020, Norseman Silver sought opportunities to acquire mineral exploration properties and conduct exploration programs.

Caribou Property

On June 3, 2020, the Company entered into an option agreement with Cloudbreak Discovery Corp. ("Cloudbreak"), a company with a common officer, to acquire a 100% interest in certain mining claims located in the Skeena Mining Division area in British Columbia, known as the Caribou Property.

Pursuant to the Option Agreement, in order to fully exercise the option, the Company shall pay to Cloudbreak an aggregate of $80,000 and issue 2,750,000 common shares of the Company in three instalments.

The first instalment was composed of $10,000 (paid), payable on the effective date (the "Effective Date") of the option agreement, being June 3, 2020, and 1,000,000 common shares issuable within five business days of approval by the TSXV (issued).

The second instalment is composed of $20,000 and 750,000 common shares, payable on the first anniversary of the Effective Date.

The third and final instalment is composed of $50,000 and 1,000,000 common shares, payable on the second anniversary of the Effective Date.

In addition, pursuant to the option agreement, the Company granted to Cloudbreak a 2.0% net smelter return ("NSR") royalty. The Company has the right to acquire one-half of the NSR (1.0%) from Cloudbreak at a price of $1,000,000 at any time prior to the commencement of commercial production. If the Company purchases the first half of the NSR, the Company shall have the right to acquire the remaining half of the NSR (1.0%) at price of $4,000,000, for an aggregate of $5,000,000.

Silver Switchback Property

On August 27, 2020, the Company entered into an option agreement with Cloudbreak to acquire a 100% interest in an underlying option agreement between Cloudbreak and 1975647 Alberta Ltd ("197 Alberta"). The underlying option agreement provides the Company with the option to acquire a 100% in certain mining claims located in British Columbia, known as the Silver Switchback Property.

Pursuant to the option agreement, in order to fully exercise the option, the Company shall:

i) pay to Cloudbreak an aggregate of $30,000 and issue 750,000 common shares of the Company in instalments;
ii) pay to 197 Alberta an aggregate of $60,000 and issue 1,850,000 common shares of the Company in instalments; and
iii) incur aggregate exploration expenditures of $475,000 on the Silver Switchback Property prior to May 8, 2023.

The first instalment is composed of:

i) A cash payment of $30,000 to Cloudbreak (paid);
ii) The issuance of 370,000 common shares to Cloudbreak within five business days of TSXV approval (issued); and

iii) The issuance of 250,000 common shares to 197 Alberta within five business days of TSVX approval (issued).

The second instalment is composed of 380,000 common shares issuable to Cloudbreak on the first anniversary of the option agreement.

The third instalment is composed of $20,000 and 600,000 common shares issuable to 197 Alberta on the May 8, 2022.

The final instalment is composed of $40,000 and 1,000,000 common shares issuable to 197 Alberta on the May 8, 2023.

In addition, pursuant to the option agreement, the Company granted to Cloudbreak a 1.0% NSR royalty. The Company shall have the right to acquire one-half (0.5%) of the NSR from Cloudbreak at a price of $500,000 at any time prior to commencement of commercial production.

The Silver Switchback Property is also subject to a 2.0% NSR royalty pursuant to the underlying option agreement.

<u>Silver Vista Property</u>

On September 21, 2020, the Company entered into an option agreement with Cloudbreak to acquire a 100% interest in an underlying option agreement between Cloudbreak and 197 Alberta. The underlying option agreement provides the Company with the option to acquire a 100% in certain mining claims located in British Columbia, known as the Silver Vista Property.

Pursuant to the Option Agreement, in order to fully exercise the option, the Company shall:

(i) pay to Cloudbreak an aggregate of $50,000 and issue 2,000,000 common shares of the Company in instalments;
(ii) pay to 197 Alberta an aggregate of $45,000 and issue 1,000,000 common shares of the Company in instalments; and
(iii) incur aggregate exploration expenditures of $275,000 on the Silver Vista Property prior to May 8, 2023.

The first instalment is composed of:

(i) Total cash payments of $50,000 to Cloudbreak. Of this amount, $20,000 (paid) was payable on the effective date (the "Effective Date") of the option agreement, and the remaining $30,000 is payable within five business days of TSVX approval. As at 30 September, 2020, the transition had not yet received TSXV approval; and
(ii) The issuance of 2,000,000 common shares to Cloudbreak within five business days of TSXV approval.

The second instalment is composed of $20,000 and 500,000 common shares issuable to 197 Alberta on May 8, 2022.

The final instalment is composed of $25,000 and 500,000 common shares issuable to 197 Alberta on May 8, 2023.

In addition, pursuant to the option agreement, the Company granted to Cloudbreak a 1.0% NSR royalty. The Company shall have the right to acquire one-half (0.5%) of the NSR from Cloudbreak at a price of $500,000 at any time prior to commencement of commercial production.

The Silver Vista Property is also subject to a 2.0% NSR royalty pursuant to the underlying option agreement. This transaction had not received TSXV approval as at September 30, 2020.

New Moon Claims

On December 9, 2020, the Company entered into an asset purchase agreement to acquire certain mining claims located in British Columbia, known as the New Moon Claims. See 'Subsequent Events' for additional details.

Financing Activities during Year ended September 30, 2020 and 2019

On August 19, 2020 the Company closed its previously announced non-brokered private placement financing (the "**Initial Offering**") of common shares ("**Shares**"). The Initial Offering consisted of the sale of 3,000,000 Shares at a price of $0.05 per Share for aggregate gross proceeds of $150,000.

The Company also closed its previously announced non-brokered private placement financing (the "**Second Offering**") of units ("**Units**"). The Second Offering consisted of the sale of 2,000,000 Units at a price of $0.15 per Unit for aggregate gross proceeds of $300,000. Each Unit is composed of one common share ("**Share**") and one-half of one Share purchase warrant ("**Warrant**"). Each whole Warrant shall entitle the holder to purchase one Share at a price of CAD $0.25 per Share for a period of twenty-four months from the date of issuance.

All securities issued and issuable pursuant to the Transaction, the Initial Offering, and the Second Offering will be subject to a four month and one-day statutory hold period.

On December 17, 2019, the Company completed a private placement comprised of the sale of 7,000,000 common shares in the capital of the Company at a price of $0.05 per Share for aggregate gross proceeds of $350,000.

On December 27, 2019, the Company completed a private placement comprised of the sale of 1,000,000 common shares in the capital of the Company at a price of $0.05 per Share for aggregate gross proceeds of $50,000.

At the same time, the Company also completed a debt settlement of an aggregate of $262,750 owing to certain officers, directors, and service providers to the Company through the issuance of up to 5,255,000 Common Shares at an implied issue price of $0.05 per Common Share.

The amount to be settled includes $140,000 of accrued directors' fees owing to the Company's directors, representing the maximum amount owing that may be settled in shares without first obtaining disinterested shareholder approval.

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. During the year ended September 30, 2020, the loan was paid through shares issued for debt.

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. During the year ended September 30, 2020, the loan was paid through shares issued for debt.

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). During the year ended September 30, 2020, the loan was paid through shares issued for debt.

Results of Operations

For the Years ended September 30, 2020 and 2019

During the year ended September 30, 2020, the Company incurred a net loss of $512,252 as compared to a net income of $63,085 for the same period in 2019, an increase in net loss by $575,337. The increase was primarily attributed to non-cash stock-based compensation expense of $179,200 and increases in general and administrative expenses including the following:

- Audit, accounting and legal fees were $108,156 (2019 - $35,126);
- Consulting fees were $113,000 (2019 - $90,000);
- Regulatory and transfer agent fees were $68,388 (2019 - $14,737);
- Stock-based compensation was $179,200 (2019 - $Nil);
- Travelling and promotion were $36,268 (2019 - $10,151).

Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31
Year	2020	2020	2020	2019	2019	2019	2019	2018
	$	$	$	$	$	$	$	$
Interest Income	-	4	2	-	-	-	-	-
Net Loss	(222,336)	(42,692)	(154,173)	(93,051)	144,963	(6,461)	(28,889)	(46,528)
Basic & Diluted Loss per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)

Significant variances in the Company's reported loss from quarter to quarter arise from professional fees, legal and regulatory filing fees which occur as a result of the private placements and shares for debt transaction that took place during December 2019 and the private placements that took place in August 2020.

Liquidity and Capital Resources

At September 30, 2020, the Company had net working capital surplus of $177,932 as compared to net working capital deficit of $468,446 at September 30, 2019. The Company had cash on hand of $353,719 as compared to $79 as at September 30, 2019.

The Company has financed its operations through equity issuances. Although the Company has been successful in raising funds in the past, there can be no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. The Company is dependent upon the equity markets to finance all of its activities and it is anticipated that it will continue to rely on this source of funding for its exploration expenditures and to meet its ongoing working capital requirements.

On August 19, 2020, the Company closed its previously announced non-brokered private placement financing (the "**Initial Offering**") of common shares ("**Shares**"). The Initial Offering consisted of the sale of 3,000,000 Shares at a price of $0.05 per Share for aggregate gross proceeds of $150,000.

The Company also closed its previously announced non-brokered private placement financing (the "**Second Offering**") of units ("**Units**"). The Second Offering consisted of the sale of 2,000,000 Units at a price of $0.15 per Unit for aggregate gross proceeds of $300,000. Each Unit is composed of one common share ("**Share**") and one-half of one Share purchase warrant ("**Warrant**"). Each whole Warrant shall entitle the holder to purchase one Share at a price of CAD$0.25 per Share for a period of twenty-four months from the date of issuance.

On December 27, 2019, the Company closed its previously announced non-brokered private placement financing of common shares. The placement consisted of the sale of 1,000,000 Shares at a price of $0.05 per share for aggregate gross proceeds of $50,000.

On December 17, 2019, the Company closed its previously announced non-brokered private placement financing of common shares. The placement consisted of the sale of 7,000,000 Shares at a price of $0.05 per Share for aggregate gross proceeds of $350,000.

All securities issued and issuable pursuant to the Transaction, the Initial Offering, and the Second Offering will be subject to a four month and one-day statutory hold period.

Off-Balance Sheet Arrangement

The Company has no long term debt, does not have any used lines of credit or other arrangements in place to borrow funds, and has no off-balance sheet arrangements. The Company has no current plans to use debt financing and does not use hedges or other derivatives.

Related Party Transactions

The following is a summary of related party transactions that occurred during the years ended September 30, 2020 and 2019.

a. Office rent of $Nil (2019 - $Nil) and accounting fees of $Nil (2019 - $Nil) were incurred by the Company and as at September 30, 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 September 30, 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 September 30, 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 September 30, 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 September 30, 2020, $Nil (2019 - $6,000) remained payable to a former director of the Company;

f. Incurred accounting fees of $17,250 (2019 - $18,053) for accounting services provided by a former officer of the Company and as at September 30, 2020, $Nil (2019 - $4,250) remained payable;

g. Incurred consulting fees of $30,00 (2019 – $30,000) and as at September 30, 2020, $4,161 (2019 – $50,000) remained payable to a company owned by a director and former CEO of the Company;

h. Incurred consulting fees of $30,000 (2019 – $30,000) and as at September 30, 2020, $Nil (2019 – $50,000) remained payable to a company owned by a director of the company;

i. Incurred consulting fees of $30,000 (2019 – $30,000) and as at September 30, 2020, $Nil (2019 – $40,000) remained payable to an officer and director of the company;

j. Incurred accounting and management services of $11,199 (2019 – $Nil) and as at September 30, 2020, $80,345 (2019 – $Nil) remained payable to a company with a common officer; and

k. Incurred stock-based compensation expense of $158,000 (2019 – $Nil) to officers, directors and a company with a common officer.

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 year ended September 30, 2020, the loan was paid through shares issued for debt.

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 year ended September 30, 2020, the loan was paid through shares issued for debt.

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 year ended September 30, 2020, the loan was paid through shares issued for debt.

During the September 30, 2019 year end, the Company had written off $237,392 in disputed payables belonging to the former CEO, former president (and companies related to them), and former directors and related expenses incurred by them. The $237, 392 relate to accounting fees, consulting fees, rent, and travel expenses charged to the Company which were not authorized by the new Board of Directors. Management has no intention to pay the aforementioned expenses and; therefore, the amounts have been written off.

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 was comprised of the following:

	September 30, 2020	September 30, 2019
Key management personnel:		
Former CEO and director	**$ 30,000**	$ 30,000
Former CFO	**17,250**	18,053
Directors	**60,000**	60,000
Accounting and Management Services	**11,199**	-
Stock-based compensation	**158,000**	-
	$ 276,449	$ 108,053

Subsequent events

New Moon Property

On December 9, 2020, the Company entered into an asset purchase agreement (the "Agreement") with Cabox Gold Corp. ("Cabox"), 1269270 BC Ltd. ("9270 BC"), 1236686 BC Ltd. ("6686 BC") and Samuel Hardy to acquire certain mining claims located in British Columbia, known as the New Moon Claims. The Agreement is subject to the receipt of all regulatory approvals including the approval of the TSXV.

In consideration for the acquisition of the New Moon Claims, the Company shall:

(i) Pay $10,000 (paid) to Cabox on the effective date of the Agreement;
(ii) Issue 2,500,000 common shares (issued) of the Company to Cabox on the closing date of the Agreement;
(iii) Issue 600,000 common shares (issued) of the Company to 9270 BC on the closing date of the Agreement; and
(iv) Issue 1,500,000 common shares (issued) of the Company to 6686 BC on the closing date of the Agreement.

The common shares issued pursuant to the Agreement shall be subject to a hold period of four months and on day from the date of issuance.

In addition, pursuant to the Agreement, the Company shall grant to Cabox a 2.0% NSR royalty. The Company shall retain the right to purchase at any time from Cabox one half of the NSR (1.0%) for $1,000,000. In addition, if the Company acquires any mineral rights within five kilometres from the external boundary of the New Moon Claims, such mineral rights will be subject to the NSR on the same terms as the NSR.

Stock Options

On November 18, 2020, the Company granted options to acquire a total of 125,000 common shares of the Company at the exercise price of $0.25 per share, for a period of five years, subject to vesting requirements.

Private Placement

On January 14, 2021, the Company completed a non-brokered private placement financing for gross proceeds of $1,750,000, composed of 7,000,000 units, at a price of $0.25 per unit. Each unit is composed of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.30 per common share, and expires twenty-four months from the date of issuance.

Critical Accounting Policies and Estimates

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of carrying value of mining property and right acquisition costs, stock-based compensation, convertible promissory note bifurcation, warrant valuation, and deferred tax assets and liabilities. Financial results as determined by actual events could differ from those estimates.

Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance 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 consolidated financial statements for the year ended September 30, 2020 were authorized for issue by the Board of Directors on January 28, 2021. The financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting, as explained in the accounting policies set out in Note 3. The consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Mineral exploration and mining involve considerable financial and technical risk. Substantial expenditures are usually required to establish ore reserves, to evaluate metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in profitable commercial mining operations. Unusual or unexpected geological formations, unstable ground conditions that could result in cave-ins or land slides, floods, power outages or fuel shortages, labour disruptions, fire, explosions, and the inability to obtain suitable or adequate machinery, equipment or labour are risks associated with the conduct of exploration programs and the operation of mines. At this point, the Company has no experience in the development and operation of mines and in the construction of facilities required to bring mines into production, and may rely upon consultants for expertise with respect to the construction and operation of a mining facility.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks.

The Company is in the business of resource exploration and as such, its prospects are largely dependent on movements in the price of various commodities. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. The mineral exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does not enter into price hedging programs.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company expects that uncertainty remains with respect to global economy, available capital and exploration risk to the resource industry. The Company intends to manage its cash resources and review opportunities as circumstances demand.

Accounting Standards, Amendments and Interpretations

New Standards, Amendments and Interpretations Effective for the first time

IFRS 16 Leases

On October 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. The adoption of IFRS 16 did not impact the Company's consolidated financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatment ("IFRIC 23")

This 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 consolidated 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.

Financial Instruments and Other Instruments

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

The Company's financial instruments comprise of cash, accounts payable and accrued liabilities and loans payable.

The fair value of cash is based on level 1 input of the fair value hierarchy.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate risk, currency risk and/or credit risk arising from these financial instruments.

Management's Responsibility for the Financial Statements

Information provided in this MD&A, including financial information extracted from the Financial Statements, is the responsibility of management. In the preparation of the Financial Statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

Outstanding Share Data

As at the date of this MD&A, the Company had the following securities issued and outstanding:

(1) Common shares – 37,301,554
(2) Share purchase warrants – 8,000,000
(3) Stock options – 2,433,115

Additional Information

Additional information pertaining to the Company can be found on SEDAR at www.sedar.com and the Company's website www.norsemansilver.com.

Directors and Officers

Sean Hurd – CFO and Director
J. Campbell Smyth – Director
John Seaman – Director
John Barr - Director
David Robinson – CFO

Mr Smyth is a resident of Australia.