

**NORSEMAN SILVER INC.**  
**(Formerly "Norseman Capital Ltd.")**  
**Condensed Interim Consolidated Financial Statements**  
**(Unaudited and expressed in Canadian Dollars)**  
**For the six months ended March 31, 2022 and 2021**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

**Norseman Silver Inc.****(Formerly "Norseman Capital Ltd.")**

Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2022 and September 30, 2021

	<b>Note</b>	<b>March 31, 2022</b> <i>(unaudited)</i>	<b>September 30, 2021</b> <i>(audited)</i>
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash		\$ 1,621,547	\$ 1,147,334
Prepayments		58,671	149,497
Other receivables	4	70,799	56,720
		<b>1,751,017</b>	<b>1,353,551</b>
Reclamation deposits		32,000	32,000
Exploration and evaluation assets	5	4,316,418	4,078,084
<b>Total assets</b>		<b>6,099,435</b>	<b>5,463,635</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities		109,700	467,557
Flow-through share premium liability	6	48,333	-
		<b>158,033</b>	<b>467,557</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	36,310,722	34,357,829
Subscriptions receivable	7	(320,000)	-
Contributed surplus	7	5,259,135	5,242,141
Deficit		(35,308,455)	(34,603,892)
		<b>5,941,402</b>	<b>4,996,078</b>
		<b>\$ 6,099,435</b>	<b>\$ 5,463,635</b>

<b>Nature of operations and going concern</b>	1
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<b>Events after the reporting date</b>	11
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*On behalf of the Board of Directors*

"Sean Hurd" , Director & CEO  
Sean Hurd

"J. Campbell Smyth" , Director & Chairman  
J. Campbell Smyth

**Norseman Silver Inc.****(Formerly "Norseman Capital Ltd.")**

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)*

	Note	For the three months ended March 31, 2022	For the three months ended March 31, 2021	For the six months ended March 31, 2022	For the six months ended March 31, 2021
<b>General and Administrative Expenses</b>					
Audit, accounting and legal	9	\$ 18,400	\$ 56,574	\$ 65,265	\$ 97,902
Bank charges interest and financing fees		274	2,967	559	4,108
Consulting fees	9	146,521	194,790	229,231	275,790
Insurance		-	-	12,500	15,500
Office and miscellaneous		9,712	156	21,822	7,250
Regulatory and transfer agent fees		16,428	46,728	42,580	64,244
Salary and wages		20,163	-	69,163	-
Shareholders information		8,683	451	16,183	451
Stock-based compensation	7,9	-	968,625	-	994,250
Marketing and promotion		197,427	549,041	247,260	549,691
Travel		-	-	-	6,269
<b>Loss from operations</b>		<b>417,608</b>	<b>1,819,332</b>	<b>704,563</b>	<b>2,015,455</b>
<b>Net and comprehensive loss for the period</b>					
		<b>(\$417,608)</b>	<b>(\$1,819,332)</b>	<b>(\$704,563)</b>	<b>(\$2,015,455)</b>
<b>Basic and diluted loss per share</b>					
		<b>\$ (0.01)</b>	<b>\$ (0.05)</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>
<b>Weighted average number of common shares outstanding</b>					
		<b>49,424,293</b>	<b>35,124,002</b>	<b>48,520,996</b>	<b>35,124,002</b>

**Norseman Silver Inc.**

**(Formerly "Norseman Capital Ltd.")**

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the six months ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)*

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Subscriptions receivable	Deficit	Total Shareholders' Equity
<b>Balance September 30, 2020</b>		<b>25,701,554</b>	<b>\$ 28,019,932</b>	<b>\$ 3,951,191</b>	<b>\$ -</b>	<b>(\$31,470,371)</b>	<b>\$500,752</b>
Stock-based compensation	7,9	-	-	994,250	-	-	\$994,250
Shares issued - options exercised	7	2,008,115	120,406	-	-	-	\$120,406
Shares issued - mineral property rights	7	6,600,000	2,330,000	-	-	-	\$2,330,000
Shares issued - private placement	7	7,000,000	1,750,000	-	-	-	\$1,750,000
Net income (loss) for the period		-	-	-	-	(2,015,455)	(\$2,015,455)
<b>Balance March 31, 2021</b>		<b>41,309,669</b>	<b>\$ 32,220,338</b>	<b>\$ 4,945,441</b>	<b>\$ -</b>	<b>(\$33,485,826)</b>	<b>\$3,679,953</b>
<b>Balance September 30, 2021</b>		<b>47,443,157</b>	<b>\$ 34,357,829</b>	<b>\$ 5,242,141</b>	<b>\$ -</b>	<b>(\$34,603,892)</b>	<b>\$4,996,078</b>
Shares issued - mineral property rights	7	300,000	78,000	-	-	-	\$78,000
Shares issued - flow-through	7	1,933,334	499,887	-	-	-	\$499,887
Shares issued - private placement	7	7,500,000	1,500,000	-	(320,000)	-	\$1,180,000
Share issuance costs	7	-	(108,000)	-	-	-	(\$108,000)
Finders warrants issued - private placements	7	-	(16,994)	16,994	-	-	-
Net income (loss) for the period		-	-	-	-	(704,563)	(\$704,563)
<b>Balance March 31, 2022</b>		<b>57,176,491</b>	<b>\$ 36,310,722</b>	<b>\$ 5,259,135</b>	<b>(\$320,000)</b>	<b>(\$35,308,455)</b>	<b>\$5,941,402</b>

**Norseman Silver Inc.****(Formerly "Norseman Capital Ltd.")**

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)*

	Note	For the six months ended March 31, 2022	For the six months ended March 31, 2021
<b>Operating Activities</b>			
Net loss for the period		\$ (704,563)	\$ (2,015,455)
Add items not affecting cash			
Mineral property rights		-	994,250
Changes in non-cash working capital			
Other receivables		(14,079)	(29,638)
Prepayments		90,826	-
Accounts payable and accrued liabilities		(357,858)	(55,166)
Net cash used in operating activities		(985,674)	(1,106,009)
<b>Investing Activities</b>			
Exploration and evaluation assets		(160,333)	(122,419)
Net cash used in investing activities		(160,333)	(122,419)
<b>Financing Activities</b>			
Subscription receipts		-	1,750,000
Shares issued - private placements		1,620,220	-
Shares issued - options exercised		-	120,406
Net cash provided by financing activities		1,620,220	1,870,406
<b>Decrease in cash</b>		<b>474,213</b>	<b>641,978</b>
Cash, beginning of period		1,147,334	353,719
Cash, end of period		\$ 1,621,547	\$ 995,697

**Norseman Silver Inc.**  
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Notes to the Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)*

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**1. Nature of Operations**

Norseman Silver Inc. (formerly, Norseman Capital Ltd.) (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 TSX Venture Exchange (“TSXV”) 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.

On February 25, 2020, the TSXV approved the Company’s name change from Gem International Resources Inc. to Norseman Capital Ltd. Then, on September 16, 2020, the TSXV approved another name change from Norseman Capital Ltd. to Norseman Silver Inc.

The address of the Company’s registered office and principal place of business is Suite 520 - 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2.

These condensed interim financial statements were authorized by the Board of Directors on May 11<sup>th</sup>, 2022.

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 exploration and evaluation assets 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 condensed interim 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.

At March 31, 2022 the company reported a working capital surplus of \$1,592,984 (September 30, 2021 - \$885,994) and a net loss of \$704,563 (March 31, 2021 – \$2,015,455 loss).

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 them 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.

**Norseman Silver Inc.**  
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Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)*

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**2. Basis of Presentation**

**a. 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, 2021, 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 and as of February 22, 2022, the date the Board of Directors approved these condensed interim consolidated financial statements.

**b. Basis of Presentation**

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

**c. Basis of Consolidation**

**a. Subsidiaries**

In addition to the Company, the condensed interim 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	
Sierra Exploration and Mining	Inactive	Tanzania	<b>100%</b>	100%
Gold Land Group Ltd.	Inactive	British Virgin Island	<b>100%</b>	100%
Ease Land Holdings Ltd.	Inactive	British Virgin Island	<b>100%</b>	100%

The subsidiaries have been inactive since May 1, 2014.

**b. 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.

**Norseman Silver Inc.**  
**(Formerly Norseman Capital Ltd.)**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)*

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**2. Basis of Presentation (continued)**

d. Functional and Presentation Currency

The Company's functional currency is the Canadian Dollar ("CAD"). The condensed interim consolidated financial statements are presented in CAD which is the Company's presentation currency unless otherwise noted. All amounts in these condensed interim consolidated financial statements are rounded to the nearest dollar.

**3. Significant Accounting Policies**

The Company's significant accounting policies can be read in Note 3 to the Company's annual audited consolidated financial statements as at and for the year ended September 30, 2021.

**4. Other Receivables**

	<b>March 31, 2022</b>	September 30, 2021
GST receivable	\$ 70,799	\$ 56,720

**5. Exploration and Evaluation Assets**

	<b>Caribou</b>	<b>Silver Switchback</b>	<b>Silver Vista</b>	<b>New Moon</b>	<b>Taquetren</b>	<b>Total</b>
<b>Balance September 30, 2020</b>	63,000	234,820	25,000	-	-	<b>322,820</b>
Option Payments - Cash	20,000	-	30,000	10,000	50,344	<b>110,344</b>
Option Payments - Shares	240,000	129,200	950,000	1,380,000	64,000	<b>2,763,200</b>
Exploration expenditures	259,021	92,912	529,787	-	-	<b>881,720</b>
<b>Balance September 30, 2021</b>	<b>582,021</b>	<b>456,932</b>	<b>1,534,787</b>	<b>1,390,000</b>	<b>114,344</b>	<b>4,078,084</b>
Option Payments - Cash	-	-	-	-	-	-
Option Payments - Shares	-	-	-	-	78,000	<b>78,000</b>
Exploration expenditures	29,951	10,124	22,980	10,093	87,186	<b>160,333</b>
<b>Balance March 31, 2022</b>	<b>611,971</b>	<b>467,056</b>	<b>1,557,768</b>	<b>1,400,093</b>	<b>279,530</b>	<b>4,316,418</b>

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 "Option"), the Company shall pay Cloudbreak an aggregate of \$80,000 (\$30,000 paid) and issue 2,750,000 (1,750,000 issued) common shares of the Company in three instalments.

In addition, pursuant to the option agreement, the Company granted 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.



**Norseman Silver Inc.**  
**(Formerly Norseman Capital Ltd.)**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)*

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**5. Exploration and Evaluation Assets (continued)**

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 a 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 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 "Option"), the Company shall:

- (i) pay Cloudbreak an aggregate of \$30,000 (paid) and issue 750,000 (750,000 issued) common shares of the Company in installments;
- (ii) pay to 197 Alberta an aggregate of \$60,000 and issue 1,850,000 (250,000 issued) common shares of the Company in installments; and
- (iii) incur aggregate exploration expenditures of \$475,000 (\$168,356 incurred) on the Silver Switchback Property prior to May 8, 2023.

In addition, pursuant to the option agreement, the Company granted 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.

Silver Vista Property

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 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 "Option"), the Company shall:

- (i) pay Cloudbreak an aggregate of \$50,000 (\$20,000 paid in September 2020 and the remaining \$30,000 paid in February 2021) and issue 2,000,000 (issued in February 2021) common shares of the Company in installments;
- (ii) pay to 197 Alberta an aggregate of \$45,000 and issue 1,000,000 common shares of the Company in installments; and
- (iii) incur aggregate exploration expenditures of \$275,000 (\$552,768 incurred) on the Silver Vista Property prior to May 8, 2023.

**Norseman Silver Inc.**  
**(Formerly Norseman Capital Ltd.)**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)*

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**5. Exploration and Evaluation Assets (continued)**

In addition, pursuant to the option agreement, the Company granted 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.

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.

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 (issued) common shares of the Company to Cabox on the closing date of the Agreement;
- (iii) Issue 600,000 (issued) common shares of the Company to 9270 BC on the closing date of the Agreement; and
- (iv) Issue 1,500,000 (issued) common shares of the Company to 6686 BC on the closing date of the Agreement.

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.

Taquetren Property

On May 4, 2021, the company entered into an option agreement to acquire a 100% interest in the Taquetren Silver Project, located in the Navidad-Calcatrean mining district, Argentina.

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

- (i) Make payment of \$40,000 USD (paid)
- (ii) Issue 200,000 Common Shares within seven days of signing the Definitive Agreement (issued)
- (iii) Issue 300,000 Common Shares (issued) and incur \$70,000 USD (\$87,186 CAD incurred) of exploration expenditures on the Project on or before the first anniversary of the Definitive Agreement
- (iv) Issue 500,000 Common Shares and incur \$200,000 USD of additional exploration expenditures on the Project on or before the second anniversary of the Definitive Agreement;
- (v) Issue 2,000,000 Common Shares and incur an additional \$500,000 USD of exploration expenditures on the Project on or before the third anniversary of the Definitive Agreement.

**Norseman Silver Inc.****(Formerly Norseman Capital Ltd.)**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)***5. Exploration and Evaluation Assets (continued)**

In addition, pursuant to the Agreement, the Company shall grant to the Optionors a 2.0% NSR royalty. The Company shall retain the right to purchase at any time from the Optionors one quarter of the NSR (0.5%) for \$1,000,000 USD and a second quarter of the NSR (0.5%) for \$2,000,000 USD and 5,000,000 Common Shares.

**6. Liability and Income Tax Effect on Flow-through Shares**

Funds raised through the issuance of flow-through common shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

In December 2021, the Company issued 1,933,334 flow-through common shares at \$0.30 per share for gross proceeds of \$580,000 and recognized a liability for flow-through shares of \$48,333 (2020 - \$Nil). As at March 31, 2022, the Company has not spent any of the flow-through funds and has not recognized any flow-through recovery.

**7. Share Capital**

## a. Authorized:

Unlimited number of common shares without par value

## b. Issued and Outstanding – Common Shares

**March 31, 2022** September 30, 2021

Total outstanding and issued common shares: **57,176,491** 47,443,157

<b>Date</b>	<b>Shares</b>	<b>Consideration</b>	<b>Details</b>
9/30/2020	25,701,554	\$28,019,932	Opening Balance Prior Year
1/8/2021	4,600,000	\$1,380,000	New Moon Property Option Agreement
1/14/2021	7,000,000	\$1,750,000	Private placement \$0.25
2/4/2021	2,000,000	\$950,000	Silver Vista Property Option Agreement
2/9/2021	2,008,115	\$120,406	Exercise of Options
2/9/2021	-	\$120,100	Reclass of Fair Value in Contributed Surplus
6/23/2021	750,000	\$240,000	Caribou Property Option Agreement
6/23/2021	200,000	\$64,000	Taquetren property Letter of Intent
8/19/2021	4,771,488	\$1,574,591	Private placement \$0.33
8/23/2021	380,000	\$129,200	Silver Switchback Property Option Agreement
9/23/2021	32,000	\$9,600	Exercise of Warrants
9/30/2021	47,443,157	\$34,357,829	Opening Balance Current Year

**Norseman Silver Inc.**  
**(Formerly Norseman Capital Ltd.)**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)*

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**7. Share Capital (continued)**

12/23/2021	1,683,334	\$409,642	FT Private placement @ \$0.30
12/31/2021	250,000	\$75,000	FT Private placement @ \$0.30
02/03/2022	300,000	\$78,000	Taquetren Property Option Agreement
31/03/2022	7,500,000	\$1,390,251	Private placement \$0.20
31/03/2022	57,176,491	36,310,722	Closing Balance Current Year

On March 31, 2022 the company closed a private placement whereby the company issued 7,500,000 units at a price of \$0.20 per unit for gross proceeds of \$1,500,000. Each Unit is comprised of one common share and one half of one warrant. Each whole warrant will be exercisable into a common share at an exercise price of CDN\$0.30 expiring on March 31, 2023.

On December 31, 2021, the Company closed a private placement whereby the company issued 1,933,334 units at a price of \$0.30 per unit for gross proceeds of \$580,000. Each unit is comprised of one flow-through common share and one-half of one common share purchase warrant. Each whole warrant entitles the subscriber to purchase one additional common share of the Company at a price of \$0.34 per share for a period of two years from the closing date. Finder's fees of \$29,680 cash and 100,333 Warrants have been paid in connection with the Private Placement to qualified parties. The Warrants issued to the finders have an exercise price of \$0.30 for a period of 2 years from the date of issuance.

On August 19, 2021, the Company closed a non-brokered private placement financing for gross proceeds of \$1,574,591 consisting of 4,771,488 units at a price of CAD\$0.33 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of CAD\$0.43 per common share with a term of two years.

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.

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Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2022 and 2021

*(Unaudited and expressed in Canadian Dollars)*

**7. Share Capital (continued)**

c. Share purchase warrants

Share purchase warrant activities for the period ended March 31, 2022 were as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life Remaining in Years
<b>Balance September 30, 2020</b>	999,999	0.25	0.39
Issued			
1/14/2021	7,000,000	0.30	0.79
8/19/2021	4,771,488	0.43	1.39
Exercised			
2/9/2021	(32,000)	0.30	-
<b>Balance September 30, 2021</b>	12,739,487	0.35	0.98
Issued			
12/23/2021	841,667	0.34	1.73
12/23/2021	93,333	0.30	1.73
12/31/2021	125,000	0.34	1.75
12/31/2021	7,000	0.30	1.75
3/31/2022	3,750,000	0.30	1.00
3/31/2022	36,000	0.30	1.00
<b>Balance March 31, 2022</b>	17,592,487	0.34	1.03

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 July 1, 2020, the Company granted options to acquire a total of 308,155 common shares of the Company to a company controlled by officers of the Company at the exercise price of \$0.05 per share, for a period of five years, subject to vesting requirements.

On September 2, 2020, the Company granted options to acquire a total of 400,000 common shares of the Company to certain directors and officers at the exercise price of \$0.25 per share, for a period of five years, subject to vesting requirements.

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

On February 9, 2021, the Company granted 3,075,000 stock options to purchase common shares of the company at a price of \$0.375 per share for a period of 5 years to certain consultants, directors, and officers of the company.

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**(Formerly Norseman Capital Ltd.)**

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**7. Share Capital (continued)**

On June 16, 2021, the Company granted 500,000 stock options to purchase common shares of the company at a price of \$0.40 per share for a period of 5 years to certain consultants, directors, and employees of the company.

On September 3, 2021, the Company granted 700,000 stock options to purchase common shares of the company at a price of \$0.45 per share for a period of 5 years to certain consultants, directors, and employees of the company.

The following variables were used to calculate stock-based compensation:

	January 2, 2020	July 1, 2020	September 2, 2020	November 18, 2020	February 9, 2021	June 16, 2021	September 3, 2021
weighted average risk-free interest rate	1.62%	0.38%	0.35%	0.44%	0.49%	0.92%	0.78%
dividend yield of	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
volatility rate	137%	111%	111%	130%	125%	119%	114%
expected life (years)	5	5	5	5	5	5	5

A summary of the status of the stock options outstanding under the Company's stock option plan as at March 31, 2022, is as follows:

	Number of Options Granted	Number of Options Exercised	Number of Options Remaining	Weighted Average Exercise Price	Weighted average remaining contractual life
Granted 01/02/2020	1,600,000	1,600,000	-	0.05	3.00
Granted 07/01/2020	308,115	308,115	-	0.05	3.50
Granted 09/02/2020	400,000	100,000	300,000	0.25	3.67
Granted 11/18/2020	125,000	-	125,000	0.25	3.88
Granted 02/09/2021	3,075,000	-	3,075,000	0.38	4.11
Granted 06/16/2021	500,000	-	500,000	0.40	4.46
Granted 09/03/2021	700,000	-	700,000	0.45	4.67
Outstanding March 31, 2022	6,708,115	2,008,115	4,700,000	0.38	3.90

As at March 31, 2022, the exercise prices for options outstanding under the Company's stock option plan range from \$0.25 to \$0.45, and the weighted average remaining contractual life for stock options under the Company's stock option plan is 3.90 years.

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**8. 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 credibility. Management believes that the Company has no significant credit risk.

**b) Liquidity Risk**

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, 2022, the Company has sufficient cash on hand to meet current liabilities and its expected administrative requirements for the coming year. The company had cash and total liabilities as follows:

	<u><b>March 31,</b></u> <u><b>2022</b></u>	<u><b>September 30,</b></u> <u><b>2021</b></u>
Cash	\$ <b>1,621,547</b>	\$ 1,147,334
Liabilities	\$ <b>158,033</b>	\$ 467,557

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 risks.

**Norseman Silver Inc.****(Formerly Norseman Capital Ltd.)**

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**8. Financial Instruments and Risk Management (continued)****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 a 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 is exposed to minimal foreign currency risk at this time.

**9. Related Party Transactions**

The following is a summary of related party transactions that occurred during the quarter ended March 31, 2022, and 2021 and amounts in accounts payable and accrued liabilities:

	For the period ended March 31, 2022	For the period ended March 31, 2021	Amount payable as at March 31,	Amount payable as at September 30,
Consulting Fees - Directors & Officers	165,000	162,000	25,750	33,250
Accounting and Management Services	77,000	45,000	-	26,420
Stock based compensation	-	994,250	-	-

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.



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**10. 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 program 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 period ended March 31, 2022. The Company is not subject to externally imposed capital requirements.

**11. Events After the Reporting Date**

On April 5, 2022, the Company granted 900,000 stock options to purchase common shares of the company at a price of \$0.20 per share for a period of 5 years to certain consultants, directors, and employees of the company.

On May 5, 2022 The company issued 500,000 shares per the Silver Vista Option Agreement and in addition issued 600,000 shares per the Silver Switchback Option Agreement at a deemed price of \$0.20 per share.