

NORSEMAN SILVER INC.
Condensed Interim Consolidated Financial Statements
(Unaudited & expressed in Canadian Dollars)
For the six months ended March 31, 2023 and 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements of Norseman Silver 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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

Norseman Silver Inc.

Consolidated Statements of Financial Position

As at March 31, 2023 and September 30, 2022

	Note	March 31, 2023 <i>(unaudited)</i>	September 30, 2022 <i>(audited)</i>
ASSETS			
<i>Current Assets</i>			
Cash		\$ 673,135	\$ 980,579
Other receivables	4	16,713	32,399
		689,848	1,012,978
Reclamation deposits		-	88,600
Exploration and evaluation assets	5	1,697,578	5,462,948
Total assets		2,387,426	6,564,526
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities		58,575	289,607
		58,575	289,607
SHAREHOLDERS' EQUITY			
Share capital	6	37,465,622	36,712,422
Contributed surplus	6	5,382,755	5,382,755
Deficit		(40,519,526)	(35,820,258)
		2,328,851	6,274,919
		\$ 2,387,426	\$ 6,564,526

Nature of operations and going concern 1

Events after the reporting date 11

On behalf of the Board of Directors

"Sean Hurd" , Director & CEO
Sean Hurd

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

Norseman Silver Inc.
Consolidated Statements of Loss and Comprehensive Loss

For the six months ended March 31, 2023 and 2022

(Unaudited & expressed in Canadian Dollars)

	Note	For the three months ended March 31, 2023	For the three months ended March 31, 2022	For the six months ended March 31, 2023	For the six months ended March 31, 2022
General and Administrative Expenses					
Audit, accounting and legal	8	\$ 38,835	\$ 18,400	\$ 75,835	\$ 65,265
Bank charges interest and financing fees		1,115	274	1,659	559
Consulting fees	8	86,612	146,521	190,580	229,231
Insurance		4,669	-	23,513	12,500
Office and miscellaneous		5,379	9,712	24,451	21,822
Regulatory and transfer agent fees		14,623	16,428	34,284	42,580
Salary and wages	8	51,844	20,163	96,844	69,163
Investor relations		3,551	8,683	5,739	16,183
Marketing and promotion		78,754	197,427	107,326	247,260
Travel		49,340	-	67,961	-
Loss from operations		334,722	417,608	628,192	704,563
Other items					
Impairment of mineral properties	5	(4,087,837)	-	(4,087,837)	-
Interest income		14,367	-	16,761	-
		(4,073,470)	-	(4,071,076)	-
Net loss and comprehensive loss for the period		(\$4,408,192)	(\$417,608)	\$ (4,699,268)	\$ (704,563)
Basic and diluted loss per share		\$ (0.07)	\$ (0.01)	\$ (0.08)	\$ (0.01)
Weighted average number of common shares outstanding		63,263,158	49,424,293	61,247,920	48,520,996

Norseman Silver Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the six months ended March 31, 2023 and 2022

(Unaudited & expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Subscriptions receivable	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance September 30, 2021		47,443,157	\$ 34,357,829	\$ -	\$ 5,242,141	(\$34,603,892)	\$4,996,078
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 placement	7	-	(16,994)	-	16,994	-	-
Net loss for the period		-	-	-	-	(704,563)	(\$704,563)
Balance March 31, 2022		57,176,491	\$ 36,310,722	\$ -	\$ 4,939,135	(\$35,308,455)	\$5,941,402
Balance September 30, 2022		59,276,491	\$ 36,712,422	\$ -	\$ 5,382,755	(\$35,820,258)	\$6,274,919
Shares issued - private placement	7	7,800,000	753,200	-	-	-	\$753,200
Net loss for the period		-	-	-	-	(4,699,268)	(\$4,699,268)
Balance March 31, 2023		67,076,491	\$ 37,465,622	\$ -	\$ 5,382,755	(\$40,519,526)	\$2,328,851

Norseman Silver Inc.

Consolidated Statements of Cash Flows

For the six months ended March 31, 2023 and 2022

(Unaudited & expressed in Canadian Dollars)

	Note	For the period ended March 31, 2023	For the period ended March 31, 2022
Operating Activities			
Net loss for the period		\$ (4,699,268)	\$ (704,563)
Add items not affecting cash			
Impairment of mineral properties		4,087,837	-
Changes in non-cash working capital			
Other receivables		15,686	(14,079)
Prepayments		-	90,826
Accounts payable and accrued liabilities		(231,030)	(357,858)
Net cash used in operating activities		(826,775)	(985,674)
Investing Activities			
Exploration and evaluation assets		(233,869)	(160,333)
Net cash used in investing activities		(233,869)	(160,333)
Financing Activities			
Subscription receipts		-	1,620,220
Shares issued - private placement		753,200	-
Net cash provided by financing activities		753,200	1,620,220
Increase (Decrease) in cash		(307,444)	474,213
Cash, beginning of period		980,579	1,147,334
Cash, end of period		\$ 673,135	\$ 1,621,547

Norseman Silver Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2023 and 2022

(Unaudited & expressed in Canadian Dollars)

1. Nature of Operations

Norseman Silver 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 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 financial statements were authorized by the Board of Directors on May 18, 2023.

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 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, 2023, the company reported a working capital surplus of \$631,273 (September 30, 2022 - \$732,371) and a net loss of \$4,699,268 (March 31, 2022 – \$704,563 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 other arrangements, there is no assurance that these initiatives will be successful in the future.

2. Basis of Presentation

a. Statement of Compliance

These condensed interim 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 condensed interim consolidated financial statements should be read

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

For the six months ended March 31, 2023 and 2022

(Unaudited Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

in conjunction with the annual audited financial statements for the year ended September 30, 2022, 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 18, 2023, 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.

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.

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, 2022.

4. Other Receivables

	March 31, 2023	September 30, 2022
GST receivable	\$ 16,713	\$ 32,399

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

For the six months ended March 31, 2023 and 2022

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

	Caribou	Silver Switchback	Silver Vista	New Moon	Taquetren	Total
Balance September 30, 2021	582,020	461,817	1,529,903	1,390,000	114,344	4,078,084
Option Payments - Cash	50,000	20,000	20,000	-	-	90,000
Option Payments - Shares	175,000	123,000	102,500	-	78,000	478,500
Exploration expenditures	32,489	380,563	43,965	10,093	349,254	816,364
Balance September 30, 2022	839,509	985,380	1,696,368	1,400,093	541,598	5,462,948
Option Payments - Cash	-	-	-	-	-	-
Option Payments - Shares	-	-	-	-	-	-
Exploration expenditures	-	37,912	1,294	-	367,588	406,794
Government mining credit	(51,117)	(17,063)	(104,747)	-	-	(172,927)
Reclamation deposit	-	56,600	32,000	-	-	88,600
Loss on disposal of mineral properties	-	(1,062,829)	(1,624,915)	(1,400,093)	-	(4,087,837)
Balance March 31, 2023	788,392	-	-	-	909,186	1,697,578

Exploration expenditure detail

	Caribou	Silver Switchback	Silver Vista	New Moon	Taquetren	Total
Balance September 30, 2021	262,020	163,117	529,903	-	-	955,040
Exploration drilling	9,395	378,557	20,720	10,093	-	418,765
Exploration	-	-	-	-	349,254	349,254
Assaying	23,094	489	22,470	-	-	46,053
Geological Consulting	-	1,517	775	-	-	2,292
Balance September 30, 2022	294,509	543,680	573,868	10,093	349,254	1,771,404
Exploration drilling	-	8,196	-	-	-	8,196
Exploration	-	-	-	-	350,000	350,000
Assaying	-	28,760	-	-	-	28,760
Geological Consulting	-	956	1,294	-	17,588	19,838
Balance March 31, 2023	294,509	581,592	575,162	10,093	716,842	2,178,198

Caribou Property

On June 3, 2020, the Company entered into an option agreement with Cloudbreak Discovery (Canada) Ltd. ("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 (\$80,000 paid) and issue 2,750,000 (2,750,000 issued) common shares of the Company in three instalments.

The option agreement was fully exercised on June 2, 2022 whereby ownership of the Caribou Property was transferred from Cloudbreak to the Company. On June 16, 2022 the Company signed a Royalty Agreement with Cloudbreak, 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. If the Company

Norseman Silver Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2023 and 2022

(Unaudited Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

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 (\$20,000 paid) and issue 1,850,000 (850,000 issued) common shares of the Company in installments; and
- (iii) incur aggregate exploration expenditures of \$475,000 (\$564,529 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.

During the period ended March 31, 2023 the Company terminated its option to acquire a 100% interest in the Silver Switchback property, pursuant to an underlying option agreement between Cloudbreak and 197 Alberta.

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 (paid) and issue 2,000,000 (issued) common shares of the Company in installments;
- (ii) pay to 197 Alberta an aggregate of \$45,000 (\$20,000 paid) and issue 1,000,000 (500,000 issued) common shares of the Company in installments; and
- (iii) incur aggregate exploration expenditures of \$275,000 (\$470,415 incurred) on the Silver Vista 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 Vista Property is also subject to a 2.0% NSR royalty pursuant to the underlying option agreement.

Norseman Silver Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2023 and 2022

(Unaudited Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

During the period ended March 31, 2023 the Company terminated its option to acquire a 100% interest in the Silver Vista property, pursuant to an underlying option agreement between Cloudbreak and 197 Alberta.

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.

During the period the Company decided to no longer pursue exploration on this property.

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-Calcatreau 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 March 3rd, 2021);
- (ii) Issue 200,000 common shares (issued May 11th, 2021);
- (iii) Issue 300,000 common shares (issued May 3rd, 2022) and incur \$70,000 USD (incurred) May 3rd, 2022) of exploration expenditures on the Project;
- (iv) Issue 500,000 common shares (issued, and issued an additional 500,000 common shares per the share adjustments provision of the option agreement May 3rd, 2023), and incur \$200,000 USD (incurred) of additional exploration expenditures on the Project on or before May 3rd, 2023; and
- (v) Issue 2,000,000 common shares and incur an additional \$500,000 USD of exploration expenditures on the Project on or before May 3rd, 2024.

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.

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

For the six months ended March 31, 2023 and 2022

*(Unaudited Expressed in Canadian Dollars)***6. Share Capital**

a. Authorized:

Unlimited number of common shares without par value

b. Issued and Outstanding – Common Shares

	March 31, 2023	September 30, 2022
Total outstanding and issued common shares:	67,076,491	47,443,157

Date	Shares	Consideration	Details
9/30/2020	25,701,554	\$28,019,932	Balance September 30, 2020
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	Balance September 30, 2021
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
2/3/2022	300,000	\$78,000	Taquetren Property Option Agreement
3/31/2022	7,500,000	\$1,391,451	Private placement \$0.20
5/5/2022	600,000	\$123,000	Silver Switchback Property Option Agreement
5/5/2022	500,000	\$102,500	Silver Vista Property Option Agreement
5/31/2022	1,000,000	\$175,000	Caribou Property Option Agreement
9/30/2022	59,276,491	\$36,712,422	Balance September 30, 2022
2/13/2023	7,800,000	\$753,200	Private Placement @ \$0.10
3/31/2023	67,076,491	37,465,622	Closing Balance Current Period

On February 13, 2023, the Company completed a non-brokered private placement financing for gross proceeds of \$780,000, composed of 7,800,000 units, at a price of \$0.10 per unit. Each unit is composed of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.25 per common share and expires on August 13, 2024.

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 \$0.30 expiring on March 31, 2023. Cash finder's fees of \$106,800 and 36,000 finder's 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 1 year from the date of issuance. The finder's warrants

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

For the six months ended March 31, 2023 and 2022

*(Unaudited Expressed in Canadian Dollars)***6. Share Capital (continued)**

were ascribed a fair value of \$1,749 based on the following variables: weighted average risk-free rate – 2.17%; volatility – 100%; and expected life (years) – 1.

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. Cash finder's fees of \$31,780 and 100,333 finder's 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. The finder's warrants were ascribed a fair value of \$15,245 based on the following variables: weighted average risk-free rate – 0.91%; volatility – 100%; and expected life (years) – 2.

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 on July 14, 2023.

c. Share purchase warrants

Share purchase warrant activities for the three months ended March 31, 2023 and year ended September 30, 2022 were as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life Remaining in Years
Balance September 30, 2021	12,439,487	\$0.35	0.30
Issued			
12/31/2021	966,667	0.34	0.75
12/31/2021	100,333	0.30	0.75
3/31/2022	3,750,000	0.30	-
3/31/2022	36,000	0.30	-
Expired			
8/19/2022	(999,999)	0.25	-
Balance September 30, 2022	16,292,488	\$0.34	0.28
Issued			
2/13/2023	4,168,000	\$0.25	1.31
Expired			
3/31/2023	(3,786,000)	\$0.30	-
Balance March 31, 2023	16,674,488	\$0.34	0.60

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

For the six months ended March 31, 2023 and 2022

(Unaudited Expressed in Canadian Dollars)

6. Share Capital (continued)

On December 16, 2022 the Company extended the expiry date of the warrants issued on January 14, 2021 pursuant to its private placement for a period of six months. All other terms, including the exercise price, remains the same. The new expiry date for the warrants is July 14, 2023.

d. Stock Options

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.

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.

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.

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

	Nov 18, 2020	Feb 9, 2021	Jun 16, 2021	Sept 3, 2021	Apr 5, 2022
weighted average risk-free interest rate	0.26%	0.17%	0.37%	0.38%	2.28%
dividend yield of	0.00%	0.00%	0.00%	0.00%	0.00%
volatility rate	130%	125%	119%	114%	111%
expected life (years)	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, 2023, is as follows:

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

For the six months ended March 31, 2023 and 2022

*(Unaudited Expressed in Canadian Dollars)***6. Share Capital (continued)**

	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	-
Granted 07/01/2020	308,115	308,115	-	0.05	-
Granted 09/02/2020	400,000	100,000	300,000	0.25	2.43
Granted 11/18/2020	125,000	-	125,000	0.25	2.64
Granted 02/09/2021	3,075,000	-	3,075,000	0.38	2.86
Granted 06/16/2021	500,000	-	500,000	0.40	3.21
Granted 09/03/2021	700,000	-	700,000	0.45	3.43
Granted 04/05/2022	900,000	-	900,000	0.20	4.01
Outstanding March 31, 2023	7,608,115	2,008,115	5,600,000	\$0.35	3.12

As at March 31, 2023, the exercise prices for options outstanding under the Company's stock option plan range from \$0.20 to \$0.45, and the weighted average remaining contractual life for stock options under the Company's stock option plan is 3.12 years.

7. Financial Instruments and Risk Management

The Company's financial instruments include cash and accounts payable and accrued liabilities. 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, 2023, 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:

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

For the six months ended March 31, 2023 and 2022

(Unaudited Expressed in Canadian Dollars)

7. Financial Instruments and Risk Management (continued)

	<u>March 31,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
Cash	\$ 673,135	\$ 980,579
Liabilities	\$ 58,575	\$ 289,607

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.

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.

8. Related Party Transactions

The following is a summary of related party transactions that occurred during the six months ended March 31, 2023 and 2022, and amounts in accounts payable and accrued liabilities at March 31, 2023 and September 30, 2022:

	For the period ended March 31, 2023	For the period ended March 31, 2022	Amount payable as at March 31, 2023	Amount payable as at September 30, 2022
Consulting Fees - Directors & Officers	165,000	165,000	-	33,250
Accounting and Management Services	66,000	77,000	-	26,420
VP Exploration Services	90,000	-	-	-
Stock based compensation	-	-	-	-

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

For the six months ended March 31, 2023 and 2022

(Unaudited Expressed in Canadian Dollars)

8. Related Party Transactions (continued)

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.

9. Supplementary Cash Flow Information

The following non-cash investing activities were excluded from the consolidated statements of cash flows:

- At March 31, 2023, the Company had \$Nil (2022 - \$270,735) in accounts payable and accrued liabilities related to exploration and evaluation assets.

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 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 three months ended March 31, 2023. The Company is not subject to externally imposed capital requirements.

11. Events After the Reporting Date

On May 3rd, 2023 the Company issued 1,000,000 common shares in accordance with the Taquetren property option agreement (Note 5).