

Consolidated Financial Statements of

NORSEMONT MINING INC.

Three months ended September 30, 2007 and 2006

NORSEMONT MINING INC.

Consolidated Balance Sheets
(Expressed in Canadian dollars)

September 30, 2007 and 2006

	September 30, 2007		June 30, 2007
	(Unaudited)		(Audited)
Assets			
Current assets:			
Cash and cash equivalents	\$ 5,129,107	\$	1,538,324
Short-term investments (note 4)	6,500,000		1,349,535
Receivables (note 3)	750,354		605,582
Prepaid expenses	37,151		19,693
	<u>12,416,612</u>		<u>3,513,134</u>
Furniture, equipment and leasehold improvements (note 5)	332,320		319,723
Mineral properties (note 6)	1,252,269		1,252,269
	<u>\$ 14,001,201</u>	<u>\$</u>	<u>5,085,126</u>
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	\$ 1,051,530	\$	971,003
Due to related parties (note 10(b))	279,796		314,963
	<u>1,331,326</u>		<u>1,285,966</u>
Asset retirement obligation (note 11)	206,200		202,000
Stock-based compensation liability (note 7(c))	-		1,810,772
Shareholders' equity:			
Share capital (note 7(b))	43,921,023		31,251,692
Contributed surplus (note 7(e))	8,415,411		5,881,701
Deficit	<u>(39,872,759)</u>		<u>(35,347,005)</u>
	12,463,675		1,786,388
Nature of operations (note 1)			
Commitments (notes 6 and 10)			
Subsequent events (note 12)			
	<u>\$ 14,001,201</u>	<u>\$</u>	<u>5,085,126</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

“Patrick Evans” _____

Director

“Robert Parsons” _____

Director

NORSEMONT MINING INC.

Consolidated Statements of Operations and Deficit
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

	2007	2006
Expenses:		
Advertising, promotion and travel	\$ 38,873	\$ 84,780
Accretion of asset retirement obligation	4,200	-
Amortization	17,609	6,716
Consulting fees:		
Incurred	46,616	47,717
Stock-based compensation	141,059	466,449
Foreign exchange loss	92,674	14,732
Interest and bank charges	4,483	502
Management fees:		
Incurred	75,000	79,500
Stock-based compensation	122,662	35,506
Mineral property exploration expenditures (note 6):		
Incurred	2,673,068	1,525,371
Stock-based compensation	111,655	-
Office, rent and administration	150,272	74,974
Professional fees:		
Incurred	107,938	29,309
Stock-based compensation	-	72,801
Provision for impairment of short term investments (note 4)	499,998	-
Regulatory, transfer agent and shareholder information	9,082	20,813
Wages and benefits and directors fees:		
Incurred	117,303	128,905
Stock-based compensation	347,562	272,894
	4,560,054	2,860,969
Other items:		
Interest and other investment income	22,995	15,319
Gain on sale of short-term investments	11,305	60,556
	34,300	75,875
Loss and comprehensive loss for the period	(4,525,754)	(2,785,094)
Deficit, beginning of period:	(35,347,005)	(18,710,445)
Deficit, end of period	\$ (39,872,759)	\$ (21,495,539)
Basic and diluted loss per share	\$ (0.13)	\$ (0.11)
Weighted average number of shares outstanding	34,413,965	25,127,046

See accompanying notes to consolidated financial statements.

NORSEMONT MINING INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

	2007	2006
Cash provided by (used in):		
Operations:		
Loss for the period	\$ (4,525,754)	\$ (2,785,094)
Items not involving cash:		
Accretion of asset retirement obligation	4,200	-
Amortization	17,609	6,716
Gain on sale of short-term investments	(11,305)	(60,556)
Stock-based compensation	722,938	847,650
Provision for impairment of investments	499,998	-
Changes in non-cash working capital and other:		
Receivables	(144,772)	(113,474)
Prepaid expenses	(17,458)	18,897
Accounts payable and accrued liabilities	80,527	73,437
	<u>(3,374,017)</u>	<u>(2,012,424)</u>
Financing:		
Issuance of shares, net of share issue costs	12,669,331	88,710
Due to related parties	(35,167)	9,325
	<u>12,634,164</u>	<u>98,035</u>
Investments:		
Purchase of furniture and equipment and leasehold improvements	(30,206)	(31,956)
Proceeds on sale of short-term investments	1,439,709	11,136,517
Funds invested in commercial paper	(7,078,867)	(8,357,909)
	<u>(5,669,364)</u>	<u>2,746,652</u>
Increase in cash and cash equivalents	3,590,783	832,263
Cash and cash equivalents, beginning of period	1,538,324	681,944
Cash and cash equivalents, end of period	<u>\$ 5,129,107</u>	<u>\$ 1,514,207</u>
Supplementary information:		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	-	-
Non-cash investing and financing activities:		
Settlement of stock-based compensation liability on issuance of options and execution of amendments	1,810,772	-
Reclassification of contributed surplus on exercise of options	-	168,394

See accompanying notes to consolidated financial statements.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

1. Nature of operations:

The Company was incorporated in 1977 under the laws of British Columbia. The Company's principal activities include acquiring, exploring and developing mineral exploration properties. The Company was listed for trading on the TSX Venture Exchange (the Exchange) and on August 18, 2003 was transferred and traded on NEX, a separate board of the Exchange. On January 27, 2005, the Company changed its name from Consolidated Norsemont Ventures Ltd. to Norsemont Mining Inc. and was transferred to and traded on the Exchange. Effective April 5, 2007, the Company's common shares commenced trading on the Toronto Stock Exchange.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The underlying value and recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to complete exploration and development and the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to explore and develop the properties and upon future profitable production or proceeds from disposition of the Company's mineral properties.

These financial statements have been prepared on the going-concern basis under which an entity is considered to be able to realise its assets and satisfy its liabilities in the normal course of business. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to generate future profitable operations. During the three months ended September 30, 2007, the Company completed two non-brokered private placements raising gross proceeds of \$12,720,000 to fund future operations and also to address certain liquidity issues being experienced with investments acquired during the period (note 4). In addition, subsequent to the quarter end, the Company proposed to carry out a brokered private placement of special warrants to raise gross proceeds of approximately \$15,660,000.

2. Significant accounting policies:

(a) Basis of consolidation:

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. They include the accounts of the Company and its wholly-owned subsidiary, Norsemont Peru S.A.C., incorporated in Peru. All intercompany amounts and transactions have been eliminated on consolidation.

(b) Change in accounting policies:

Effective July 1, 2007, the Company adopted the provisions of the following new Canadian Institute of Chartered Accountants ("CICA") accounting standards:

i. Comprehensive Income (Section 1530):

This section describes standards for reporting and disclosing comprehensive income, its components and related changes in equity. Comprehensive income includes net income as well as changes in equity during a period from transactions and events from non-owner sources, such as unrealized gains or losses on available-for-sale financial instruments. Adopting this standard has no impact on the Company's financial statements for the period ended September 30, 2007.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

2. Significant accounting policies (continued):

(b) Change in accounting policies (continued):

ii Financial Instruments – Recognition and Measurement (Section 3855):

This section describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Under the new standard, all financial instruments will be classified as one of the following: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities.

- Held-for-trading financial instruments are measured at fair value. All gains and losses resulting from changes in their fair value are included in net earnings (loss) in the period in which they arise.
- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net earnings (loss), using the effective interest method.
- Available-for-sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income until the asset is realized, at which time they will be recorded in net earnings (loss). Other than temporary impairments on available-for-sale financial assets are recorded in net earnings (loss).

Upon adoption of these new standards, the Company has designated its short-term investments as available-for-sale assets in accordance with Section 3855. In addition, the Company recorded an other than temporary impairment charge on these short-term investments of approximately \$500,000 in the consolidated statements of operations during the three months ended September 30, 2007. See note 4.

iii Financial Instruments – Disclosure and Presentation (Section 3861):

CICA Section 3861 sets out standards which address the presentation of financial instruments and non-financial derivatives, and identifies the related information that should be disclosed. These standards also revise the requirements for entities to provide accounting policy disclosures, including disclosure of the criteria for designating as held-for-trading those financial assets or liabilities that are not required to be classified as held-for-trading; whether categories of normal purchases and sales of financial assets are accounted for at trade date or settlement date; the accounting policy for transaction costs on financial assets and financial liabilities classified as other than held-for-trading; and provides several new requirements for disclosure about fair value. Disclosure related to the fair value of the Company's available-for-sale investments is included in note 4 to these financial statements.

The Company's financial instruments include cash and cash equivalents, receivables, accounts payable and accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values because of their short term nature. The Company had no held-to-maturity financial assets for the period ended September 30, 2007. The estimated fair value of the Company's short-term investments approximates their carrying values.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

2. Significant accounting policies (continued):

(b) Change in accounting policies (continued):

iv. Hedging (Section 3865):

CICA Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not hold any financial instruments designated for hedge accounting.

(c) Value added taxes recoverable:

The Company incurs value added tax (VAT) in Peru. Effective August 29, 2006, the Company entered into an agreement with the Ministry of Energy and Mines to recover such amounts incurred after that date. VAT paid related to mineral property expenditures prior to August 29, 2006 are only recoverable when future sales revenues are earned from the related mineral properties by offsetting the VAT otherwise payable at that time. As the VAT payments incurred prior to August 29, 2006 are uncertain of collection, they have been expensed and included in mineral property exploration expenditures. VAT expenditures incurred after August 29, 2006 and not yet recovered are recorded as receivables, net of any required allowance for uncollectible amounts.

(d) Furniture, equipment and leasehold improvements:

Furniture, equipment and leasehold improvements are carried at cost less accumulated amortisation. Amortization is determined at rates which will reduce original cost to estimated residual value over the useful life of each asset. The annual rates used to compute amortisation are as follows:

Asset	Basis	Rate
Computers	Declining-balance	30% per annum
Furniture and office equipment	Declining-balance	20% per annum
Leasehold improvements	Straight-line	Lesser of useful life and term of lease

(e) Mineral properties:

The Company expenses, as incurred, exploration expenditures and periodic option payments related to mineral properties. Administrative and land use costs incurred prior to commercial feasibility of mining operations being established are also expensed. Prior to October 1, 2006, the Company capitalised these expenditures. This change in accounting policy has been applied retroactively with restatement of all amounts prior to October 1, 2006. Mineral property acquisition expenditures under which the Company acquires an ownership interest in a mineral property continue to be capitalised.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

2. Significant accounting policies (continued):

(f) Impairment of long-lived assets:

The Company assesses the impairment of long-lived assets, which consist of mineral property interests and equipment, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of a long-lived asset is then determined by a comparison of the carrying value of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the amount of the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value.

(g) Asset retirement obligations:

The fair value of a liability for an asset retirement obligation, such as site reclamation costs, is recognised in the period in which it is incurred if a reasonable estimate of the fair value of the costs to be incurred can be made. The Company is required to record the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increase the carrying value of the related assets for that amount. Subsequently, these capitalised asset retirement costs will be amortised to expense over the life of the related assets using the unit-of-production method. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial fair value measurements (additional asset retirement costs). As the Company expenses exploration costs as incurred, asset retirement obligations recognised are also expensed as incurred.

(h) Stock-based compensation:

The Company has a stock-based compensation plan which is described in note 7(c). The Company accounts for all stock-based payments and awards under the fair value based method.

Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the vesting period of the award and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognised at that date.

Compensation cost attributable to awards to employees is measured at fair value at the grant date and recognized over the vesting period. Compensation cost attributable to awards to employees that call for settlement in cash or other assets is measured at intrinsic value and recognised over the vesting period. Changes in intrinsic value between the grant date and the measurement date result in a change in the measure of compensation cost. Compensation cost is generally recognised on a straight-line basis over the vesting period.

During the three months ended September 30, 2007, the Company granted stock options to directors, officers, employees and non-employees as set out in note 7(c).

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

2. Significant accounting policies (continued):

(i) Earnings (loss) per share:

The Company calculates basic earnings (loss) per share using the weighted average number of common shares outstanding during the period excluding escrowed shares for which the release is subject to the satisfaction of performance criteria. Diluted net earnings (loss) per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants. For all periods presented, diluted loss per share is the same as basic loss per share as the stock options and warrants outstanding are anti-dilutive.

(j) Foreign currency transactions:

The functional currency of the Company and its subsidiary is the Canadian dollar. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date. Non-monetary items are translated at rates of exchange in effect when the amounts were acquired or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transaction. Foreign exchange gains and losses are recognized in the determination of net earnings (loss) in the period in which they arise.

(k) Measurement uncertainty:

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include the assessment of impairment of long-lived assets including mineral properties, impairment of investments, amortisation periods of furniture, equipment and leasehold improvements, valuation of stock-based compensation, and the estimation of future income tax asset valuation allowances. Actual results could differ from those estimates.

(l) Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

3. Receivables:

	September 30, 2007	June 30, 2007
Value added tax – Peru (note 2(c))	\$ 648,466	\$ 535,573
Goods and services tax – Canada and other receivables	101,888	70,009
	<u>\$ 750,354</u>	<u>\$ 605,582</u>

4. Short-term investments:

As at September 30, 2007, the Company had \$7 million invested in investments issued by trusts, sponsored and managed by non-bank entities. The underlying security represents secured short term debt obligations, commonly known as “Asset Backed Commercial Paper” (“ABCP”). They typically have terms of less than 365 days and repayment of a maturing ABCP is dependent on the cash generated by the trusts’ underlying assets and the ability of the trusts to issue new ABCP. In mid August 2007, a number of sponsors of non-bank managed ABCP, including those with which the Company had invested, announced that they could not place ABCP due to unfavourable conditions in the Canadian capital markets.

As a result, the ABCP market is currently the subject of an agreement (“the Montreal Accord”) signed August 16, 2007 among a number of affected parties. This agreement contemplates some form of a restructuring of ABCP on or before December 14, 2007 with the intention of re-introducing the investments in a different form and also creating a market for them to trade. However, the general terms of reference of the Montreal Accord have not been made the subject of a definitive proposal and there is no certainty of a positive outcome. The Company and its counsel are monitoring the activities of a committee formed to implement the restructuring.

There is presently no active market for the ABCP held by the Company and the funds cannot be accessed until such time as the restructuring contemplated by the Montreal Accord has been completed or some alternative acceptable resolution is found. The Company is unable to definitively determine when an appropriate resolution may occur.

Management has estimated the fair value impairment on ABCP held as prescribed by Section 3855 by using a probability weighting cash flow approach based on its best estimate of the range of possible outcomes which are then discounted to September 30, 2007 based on the expected timing of the outcomes. This analysis presumes a successful resolution of the Montreal Accord and has been calculated without the benefit of a full understanding of the underlying assets of each of the trusts it holds as this information has not been provided by each trust. While management believes that it has utilized an appropriate methodology to estimate fair value, given the number of uncertainties, there can be no assurance that management’s estimate of potential recovery is accurate. Based on this fair value estimation, the Company has recorded an impairment charge in the amount of approximately \$500,000 in the three months ended September 30, 2007. There can be no assurance that this estimate will be realized or that it will be adequate. Subsequent adjustments, which could be material, may be required in future reporting periods.

Management will continue to seek all avenues to recover the full value of the original investments and interest due. However, the timing of the Company’s ultimate recovery of these short-term investments is uncertain.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

5. Furniture, equipment and leasehold improvements:

September 30, 2007	Cost	Accumulated amortization	Net book value
Computers	\$ 120,892	\$ 54,378	\$ 66,514
Furniture and office equipment	335,929	84,968	250,961
Leasehold improvements	26,942	12,097	14,845
	<u>\$ 483,763</u>	<u>\$ 151,443</u>	<u>\$ 332,320</u>

June 30, 2007	Cost	Accumulated amortization	Net book value
Computers	\$ 113,440	\$ 49,578	\$ 63,862
Furniture and office equipment	313,175	73,809	239,366
Leasehold improvements	26,942	10,447	16,495
	<u>\$ 453,557</u>	<u>\$ 133,834</u>	<u>\$ 319,723</u>

6. Mineral properties and continuity of mineral properties exploration expenditures:

Mineral properties	September 30, 2007	June 30, 2007
Mineral property acquisition costs:		
Constancia (a)	\$ 1,152,877	\$ 1,152,877
Amata	99,392	99,392
	<u>\$ 1,252,269</u>	<u>\$ 1,252,269</u>

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

6. Mineral properties and continuity of mineral properties exploration expenditures (continued):

Continuity of mineral properties exploration expenditures by period and cumulative is as follows:

	Peru		B.C., Canada	Total
	Constancia	Amata	Nome claims	
	(a)			
Balance, June 30, 2006	\$ 5,206,236	\$ 233,513	\$ 94,147	\$ 5,533,896
Option related payments:				
Cash consideration	1,179,559	-	-	1,179,559
Exploration:				
Analysis	536,561	-	-	536,561
Asset retirement obligation	188,000	-	-	188,000
Contract and consulting fees	505,777	-	-	505,777
Drilling	2,875,134	-	-	2,875,134
Equipment rental	283,123	-	-	283,123
Field costs	1,603,837	487	-	1,604,324
Geological fees	468,411	-	-	468,411
Professional fees	173,250	12,500	-	185,750
Project administration	17,065	-	-	17,065
Property payments	19,312	78,492	-	97,804
Stock-based compensation	143,839	-	-	143,839
Taxes	33,709	-	-	33,709
Travel and accommodation	85,469	283	-	85,752
Wages and benefits	513,202	-	-	513,202
Exploration and related costs	8,626,248	91,762	-	8,718,010
Balance, June 30, 2007	13,832,484	325,275	94,147	14,251,906
Exploration:				
Analysis	80,588	-	-	80,588
Contract and consulting fees	849,758	-	-	849,758
Drilling	1,009,436	-	-	1,009,436
Equipment rental	38,285	-	-	38,285
Field costs	333,479	-	-	333,479
Geological fees	182,375	-	-	182,375
Professional fees	11,409	-	-	11,409
Project administration	14,007	-	-	14,007
Stock-based compensation	111,655	-	-	111,655
Travel and accommodation	27,394	-	-	27,394
Wages and benefits	126,337	-	-	126,337
Exploration and related costs	2,784,723	-	-	2,784,723
Balance, September 30, 2007	\$ 16,617,207	\$ 325,275	\$ 94,147	\$ 17,036,629

(a) Constancia property, Peru:

On February 9, 2005, the Company signed an agreement with Rio Tinto Mining and Exploration Ltd. (Rio Tinto) whereby the Company may acquire up to a 70% interest in the Constancia copper-gold-molybdenum porphyry deposit located in Chumbivilcas Province, Peru (Constancia Project). This includes an initial option to acquire an undivided 51% interest in the Constancia project by making property payments of US\$5,000,000, completing work expenditures of US\$7,800,000 and issuing 1,250,000 common shares of the Company (or cash in lieu of shares) over a period ending October 31, 2009.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

6. Mineral properties and continuity of mineral properties exploration expenditures (continued):

(a) Constancia property, Peru (continued):

Upon exercise of the initial option, Rio Tinto has the right to claw back an undivided 17% interest if, in the reasonable opinion of Rio Tinto, global reserve estimates for the property are not less than four million tonnes (8.8 billion pounds) of copper, by paying the Company up to 300% of the Company's net cash payments on the project. If Rio Tinto does not exercise its claw back right, the Company may acquire an additional 9% interest for US\$3,750,000 or an additional 19% interest for US\$8,000,000.

The Company issued 150,000 common shares as finder's fee at a fair value of \$96,000 in connection with this transaction.

The cash payment, share issuance and work expenditure schedule is as follows:

Option exercise schedule	Cash (US\$)	Exploration expenditures (US\$)	Shares
On signing of LOI	\$ 10,000 ⁽¹⁾	\$ -	-
45 days following LOI	90,000 ⁽¹⁾	-	-
April 20, 2005	150,000 ⁽¹⁾	-	-
June 30, 2005	-	-	250,000 ⁽²⁾
October 2005	200,000 ⁽¹⁾	500,000	-
April 2006	250,000 ⁽¹⁾	500,000	-
June 30, 2006	-	-	250,000 ⁽²⁾
October 2006	300,000 ⁽¹⁾	500,000	-
April 20, 2007	400,000 ⁽¹⁾	-	-
June 30, 2007	-	-	250,000 ⁽³⁾
October 2007	500,000 ⁽¹⁾	1,300,000	-
April 2008	500,000	1,000,000	-
June 30, 2008	-	-	250,000
October 2008	750,000	1,500,000	-
October 2009	1,850,000	2,500,000	250,000
Total	\$ 5,000,000	\$ 7,800,000 ⁽⁴⁾	1,250,000

⁽¹⁾ Paid or paid subsequent to September 30, 2007.

⁽²⁾ Issued.

⁽³⁾ Paid US\$365,169 in lieu of shares.

⁽⁴⁾ Incurred. As at September 30, 2007, the Company had expended in excess of US\$7,800,000 of exploration expenditures.

Upon commencement of commercial production, the Company is required to also make the following additional payments to Rio Tinto:

- US\$250,000 should the Company have between 34% and 50.9% interest in the Constancia Property; or
- US\$500,000 should the Company have a majority interest in the Constancia Property of 51% or greater.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

6. Mineral properties and continuity of mineral properties exploration expenditures (continued):

(a) Constancia property, Peru (continued):

In addition, upon production, the Company will pay a net smelter return royalty (NSR) of 0.5% with a cap of US\$10,000,000 to the underlying owners. See note 12(b).

In May, 2007, Norsemont Peru renewed its surface rights lease agreements with two Peruvian communities to gain access to the surface of the Constancia Property for its mining exploration activities for a total cash monthly lease cost of US\$3,400. The two leases have twelve-month terms expiring April 24, 2008 and May 6, 2008 and are renewable at the end of each term for another twelve months. In addition to making cash rental payments to the communities, the Company is obligated to provide educational assistance, medical and veterinary services as well as an irrigation system in each of the communities. The total estimated lease obligation costs over the lease terms are recognised over the respective lease terms. The Company expended approximately \$117,000 under these agreements during the three months ended September 30, 2007 and these costs have been included in mineral property exploration expenditures.

On March 27, 2007, Norsemont Peru entered into a purchase agreement to acquire a property located in the Constancia district in the Chumbivilcas Province, Peru for a total consideration of US\$1,000,000 or CAD\$1,152,877. The Company paid US\$500,000 upon execution of the agreement and the remaining US\$500,000 plus interest at 10% or US\$50,000 shall be paid by December 27, 2007. Norsemont Peru guaranteed the payment of US\$550,000 by issuing a bond letter to the vendor.

7. Share capital:

(a) Authorised:

Unlimited number of common shares without par value

(b) Issued and outstanding:

	Number of shares	Amount
Balance, June 30, 2006	25,105,378	\$ 25,309,440
Issued pursuant to:		
Exercise of options	1,560,375	2,480,414
Exercise of warrants	3,147,125	3,461,838
Balance, June 30, 2007	29,812,878	31,251,692
Issued pursuant to private placements	7,950,000	12,720,000
Share issue costs	-	(50,669)
Balance, September 30, 2007	37,762,878	\$ 43,921,023

During the three months ended September 30, 2007, the Company completed a non-brokered private placement of 4,950,000 units at \$1.60 per unit for gross proceeds of \$7,920,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$1.95 per share for a period of two years expiring July 19, 2009.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

7. Share capital (continued):

(b) Issued and outstanding (continued):

During the three months ended September 30, 2007, the Company completed a non-brokered private placement of 3,000,000 units at \$1.60 per unit for gross proceeds of \$4,800,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$1.95 per share for a period of two years expiring September 12, 2009.

During the year ended June 30, 2007, 1,560,375 common shares were issued for gross proceeds of \$812,705 on exercise of options. In addition, a reclassification of \$1,667,709 from contributed surplus to share capital was recorded on the exercise of these options.

During the year ended June 30, 2007, 3,147,125 common shares were issued for gross proceeds of \$3,461,838 on exercise of warrants.

(c) Stock options:

The Company established a stock option plan under which the Company may grant incentive stock options for the purchase of common shares of the Company to its officers, directors, and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed certain levels and may not exceed 5% to any individual (maximum of 2% to any consultant). Shareholders approved an increase in the authorised number of common shares that may be granted under the plan from 4,106,963 to 5,222,526 on November 29, 2006.

During the three months ended September 30, 2007, shareholders of the Company approved an amendment to the plan from a fixed plan with an authorised number of shares of 5,222,526 to a 20% rolling plan. The exercise price of options is determined by the Board of Directors at the time of grant, but cannot be less than the volume weighted average trading price of the Company's shares for the 5 trading days immediately preceding the date the option is granted. As determined by the Board of Directors, options may vest immediately, in installments or pursuant to a vesting schedule, 1/3 on date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary of the grant. Once vested, options are exercisable at any time. Options have a maximum term of ten years and terminate ninety days from the date of termination of the optionee's employment or such longer period as determined by the Board, provided that no option shall remain outstanding for any period which exceeds the later of the expiry date of the option and 36 months following the termination date. In addition, the Board may delegate authority to the Chief Executive Officer to make any determination with respect to vesting of options held by any departing employee, other than the Chief Executive Officer.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

7. Share capital (continued):

(c) Stock options (continued):

A summary of the status of the options outstanding follows:

	Number of options	Weighted average exercise price
Balance, June 30, 2006	3,453,750	\$ 1.29
Granted	2,991,026	1.69
Exercised	(1,560,375)	(0.52)
Cancelled/expired	(215,000)	(1.83)
Balance, June 30, 2007	4,669,401	1.78
Granted	2,568,974	1.63
Balance, September 30, 2007	7,238,375	\$ 1.73

Pursuant to agreements with the Company, certain directors who agreed to resign on June 1, 2007 and a current officer of the Company were granted 1,050,000 fully vested stock options with an exercise price of \$1.62 on June 1, 2007, subject to shareholder approval. In addition, all their existing outstanding unvested options were amended to become fully vested and all outstanding options were to be exercisable to the original expiry dates of the awards effective June 1, 2007, subject to shareholder approval.

If the shareholders did not approve the above option grants and amendments to outstanding awards, the Company agreed to compensate such resigning directors and current officer for the fair value of the additional options and modifications. The shareholders approved the grants and amendments on August 16, 2007. As at June 30, 2007, the fair value of the grants and modifications were estimated using an option pricing model as \$1,810,772 and this amount was recorded as a stock-based compensation liability and as director fees of \$1,704,694 and professional fees of \$106,078 in the financial statements. During the three months ended September 30, 2007, the liability was settled by the grant of options and completion of the amendments and the amount of \$1,810,772 was transferred to contributed surplus.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

7. Share capital (continued):

(c) Stock options (continued):

The following table summarises the stock options outstanding as at September 30, 2007:

Outstanding	Exercise price	Expiry date	Exercisable
39,600	\$0.19	June 10, 2009	39,600
25,000	\$0.26	November 22, 2009	25,000
100,000	\$0.50	February 1, 2010	100,000
150,000	\$0.76	March 7, 2010	150,000
42,500	\$0.80	June 19, 2010	42,500
259,375	\$1.00	July 28, 2010	259,375
161,900	\$1.06	August 17, 2010	161,900
260,000	\$1.33	August 21, 2010	260,000
140,000	\$2.38	September 9, 2010	140,000
90,000	\$2.00	April 3, 2011	67,500
300,000	\$4.00	April 13, 2011	300,000
110,000	\$2.70	May 8, 2011	82,500
150,000	\$2.00	July 7, 2011	131,250
530,000	\$2.00	July 24, 2011	331,250
1,460,000	\$1.60	December 11, 2011	1,187,500
270,000	\$1.60	April 25, 2012	67,500
2,050,000	\$1.62	June 1, 2012	1,550,000
450,000	\$1.57	June 25, 2012	150,000
200,000	\$1.72	July 19, 2012	66,667
300,000	\$1.77	July 26, 2012	100,000
100,000	\$1.53	August 20, 2012	33,333
50,000	\$1.68	September 24, 2012	16,666
7,238,375			5,262,541

During the three months ended September 30, 2007, \$722,938 (2006 - \$847,650) in stock-based compensation expense was recorded in the consolidated statements of operations.

The compensation costs reflected in these consolidated financial statements were calculated using the Black-Scholes option pricing model using the following weighted average assumptions:

	2007	2006
Risk free interest rate	4.3%	4.2%
Expected dividend yield	0%	0%
Stock price volatility	79%	85%
Expected life of options	3.12 years	3.69 years

The weighted average fair value of options granted during the three months ended September 30, 2007 was \$0.83 (2006 - \$1.44) per option.

Option pricing models require the input of highly substantive assumptions, including expected term to exercise and stock price volatility. Changes in assumptions can materially impact fair value estimates.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

7. Share capital (continued):

(d) Warrants:

The continuity of share purchase warrants for September 30, 2007 is as follows:

Exercise price	Expiry date	June 30, 2007	Issued	Exercised	Expired	September 30, 2007
\$ 4.75	Jan 19, 2008	2,100,000	-	-	-	2,100,000
1.95	Jul 19, 2009	-	2,475,000	-	-	2,475,000
1.95	Sep 12, 2009	-	1,500,000	-	-	1,500,000
		2,100,000	3,975,000	-	-	6,075,000

The continuity of share purchase warrants for June 30, 2007 is as follows:

Exercise price	Expiry date	June 30, 2006	Issued	Exercised	Expired	June 30, 2007
\$ 1.10	May 16, 2007	3,147,125	-	(3,147,125)	-	-
4.75	Jan 19, 2008	2,100,000	-	-	-	2,100,000
		5,247,125	-	(3,147,125)	-	2,100,000

(e) Contributed surplus:

	September 30, 2007
Balance, June 30, 2007	\$ 5,881,701
Stock-based compensation	722,938
Settlement of obligation on issuance of options and execution of option amendments (note 7(c))	1,810,772
Balance, September 30, 2007	\$ 8,415,411

(f) Shareholder rights plan:

The directors of the Company approved the adoption of a shareholder rights plan, dated May 29, 2006 (the Rights Plan). The objective of the Board of Directors in adopting this Plan is to achieve full and fair value for the Company's shareholders in the event of an unsolicited take-over bid for the Company. The rights become exercisable only when a person or party acquires or announces its intention to acquire 20 per cent or more of the outstanding shares of the Company without complying with certain provisions of the Rights Plan. Each right would entitle each holder of common shares (other than the acquiring person or party) to purchase additional common shares of the Company at a 50 per cent discount to the market price at the time.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

7. Share capital (continued):

(g) Restricted stock unit incentive plan:

On September 24, 2007, the Board of Directors adopted a Restricted Stock Unit Incentive Plan ("Restricted Stock Plan"). The employees, officers and directors of the Company, other than the Chairman and Chief Executive Officer of the Company (collectively, "Service Providers") are eligible to participate in the Restricted Stock Plan. Furthermore, restricted stock units ("RSUs") may also be granted to such other persons, other than the Chairman and Chief Executive Officer of the Company, as determined to be in the best interests of the Company by the Board of Directors. The Restricted Stock Plan will remain in effect until terminated by the Board of Directors. RSUs shall vest within 3 years of the award grant date. Subject to the terms and conditions of an award agreement, vesting may be accelerated by achieving performance targets, but shall not occur prior to the expiry of 1 year following the award grant date. The vesting of RSUs granted to independent directors is subject to an election by the independent director that must be made at the time the RSU is granted whereby the RSUs will either (a) vest within a minimum of 1 and a maximum of 3 years following the award grant date or (b) upon the independent director's resignation from the Board.

The maximum number of the Company's common shares available for issuance upon the vesting of RSUs will be 1,000,000 common shares. This represents approximately 2.65% of the issued and outstanding common shares of the Company as of September 30, 2007. The maximum number of shares issuable to insiders of the Company under all security-based compensation arrangements, including the Restricted Stock Plan, at any time cannot exceed 10% of the issued and outstanding common shares of the Company and the number of securities to be issued to insiders of the Company pursuant to such arrangements within any one-year period, cannot exceed 10% of the issued and outstanding common shares of the Company.

Upon the termination of a Service Provider's employment or service with the Company, any RSUs held by such Service Provider that have not vested within 30 days of such termination, shall be deemed forfeited.

The Company has not granted any RSUs as at September 30, 2007.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

8. Related party transactions:

During the three months ended September 30, 2007, the Company entered into the following transactions with related parties:

- (a) Paid or accrued \$75,000 (2006 - \$79,500) for management fees to a director and companies controlled by former directors of the Company.
- (b) The Company paid \$52,749 (2006 - \$33,775) for wages and benefits to a director of the Company. These costs have been included in mineral property exploration expenditures.
- (c) Paid or accrued \$42,107 (2006 - \$2,394) for legal fees to a company controlled by an officer of the Company.
- (d) Paid or accrued \$30,000 (2006 - \$30,000) for accounting fees to a company controlled by an officer of the Company.
- (e) The Company paid \$nil (2006 - \$20,000) for consulting fees to a director of the Company. These costs have been included in mineral property exploration expenditures.
- (f) The Company recovered \$19,500 (2006 - \$nil) for rent and office expenses from companies having directors and officers in common.

9. Financial instruments and geographic disclosures:

- (a) Foreign currency risk:

The Company conducts part of its business in US dollars and Peruvian New Sol and therefore is affected by variations in exchange rates. The Company does not have foreign currency hedges in place and does not actively manage this risk.

- (b) Credit risk:

Credit risk reflects the risk that the Company may be unable to recover contractual receivables. The Company does not have significant receivables and no one account represents a concentration of credit risk. The Company employs established credit approval practices to mitigate this risk.

- (c) Geographic disclosures:

Furniture, equipment and leasehold improvements are located in:

	September 30, 2007		June 30, 2007
Canada	\$ 83,937	\$	86,561
Peru	248,383		233,162
	\$ 332,320	\$	319,723

The geographic breakdown of mineral properties is disclosed in note 6.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

10. Commitments:

- (a) The Company signed a Vancouver office premise lease for approximately \$10,580 per month expiring December 31, 2009. There is also a Peru office lease for US\$3,360 per month commencing June 1, 2007, increasing to US\$3,528 on June 1, 2010 and expiring May 31, 2011.
- (b) On June 1, 2007, the Company entered into a settlement agreement with a company owned by a former director and officer ("former director") of the Company pursuant to which the Company shall pay to the former director the sum of \$288,000, of which, \$72,000 shall be paid within three months of the date of the settlement agreement and the remaining \$216,000 to be paid in 18 equal installments within 24 months of the date of the settlement agreement, unless accelerated upon the mutual agreement of the Company and the company owned by the former director. As at September 30, 2007, \$216,000 remains payable under the settlement agreement.
- (c) The Company entered into a technical services agreement dated June 23, 2007, pursuant to which the Company shall pay US\$604,152 in connection with a scoping study to be performed on the Constancia property. As at September 30, 2007, the Company paid or accrued US\$519,428 pursuant to this agreement.
- (d) The Company also has various commitments as described in notes 6, 11 and 12 related to mineral properties and exploration costs.

11. Asset retirement obligations:

The Company's asset retirement obligation relates to site-restoration and clean-up costs related to its Peruvian mineral properties, Constancia and Amata.

A reconciliation of the provision for asset retirement obligations is as follows:

	September 30, 2007	June 30, 2007
Balance - beginning of period	\$ 202,000	\$ -
Liabilities incurred in the current period	-	188,000
Accretion expense	4,200	14,000
Balance, end of period	\$ 206,200	\$ 202,000

The provision for asset retirement obligations are based upon the following assumptions:

- The total undiscounted cash flow required to settle the obligation is approximately \$235,000;
- Asset retirement obligation payments are expected to occur during fiscal year 2008 and 2009;
- A credit adjusted risk-free rate of 7.65% has been used to discount cash flows.

NORSEMONT MINING INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

Three months ended September 30, 2007 and 2006

12. Subsequent events:

The following events occurred subsequent to September 30, 2007:

- (a) The Company entered into a letter agreement dated October 31, 2007 to carry out a brokered private placement of 5,400,000 special warrants with a syndicate of underwriters for resale to accredited investors at a price of \$2.90 per special warrant, representing an aggregate issue amount of \$15,660,000. Each special warrant shall be exercisable at no additional cost for one unit of the Company until the earlier of (i) the date which is five business days following the issuance of a decision document for a final prospectus qualifying the units underlying the special warrants and (ii) the date which is four months and one day following the closing of the offering. Each unit shall consist of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant shall be exercisable for one common share at an exercise price of \$3.50 per share for a period of 24 months following closing of the offering. The Company has also granted the Underwriters an option (the "Underwriters' Option"), exercisable in whole or in part at any time prior to 24 hours before the closing of the offering, to purchase for resale to accredited investors an additional 810,000 special warrants for additional gross proceeds of up to \$2,349,000. Closing is expected to occur on or before November 15, 2007.

A finder's fee of 6% of the gross proceeds shall be paid to the underwriters in connection with this offering.

- (b) Norsemont Peru entered into a Mining Concessions Transfer Agreement and Assignment of Contractual Positions with Mitsui Mining and Smelting Company Limited Sucursal Del Peru ("Mitsui") dated October 29, 2007. Pursuant to the agreement, Mitsui transferred all of its 30% interest in the Constancia property to Norsemont Peru with no further obligation to Mitsui or the underlying owners of the property, for a total consideration of US\$9,800,000, payable over a twenty-month period with the final payment due on or before June 30, 2009. Combined with the Company's option over Rio Tinto's 70% interest in the Constancia project, the agreement provides Norsemont with the opportunity to control 100% of the Constancia project.
- (c) In October 2007, the Company granted incentive stock options to purchase 125,000 common shares at a price of \$1.77 per share to an officer and an employee of the Company.
- (d) 150,000 common shares were issued for gross proceeds of \$131,500 on exercise of stock options.