

NORSEMONT MINING INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended September 30, 2007

Dated November 12, 2007

NORSEMONT MINING INC.

Management Discussion & Analysis
For the three months ended September 30, 2007 and 2006

This Management's Discussion and Analysis ("MD&A") of Norsemont Mining Inc. ("Norsemont", the "Issuer" or the "Company") has been prepared by management as of November 12, 2007 and should be read in conjunction with the unaudited consolidated interim financial statements and related notes thereto of the Company, as at and for the period ended September 30, 2007 and 2006 and the annual consolidated financial statements, filed in September 2007, for the year ended June 30, 2007. The interim unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable in Canada. References to dollars (\$) in this discussion and analysis and the interim, unaudited Consolidated Financial Statements are to Canadian Dollars, unless otherwise noted.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer, including potential business or mineral property acquisitions and negotiation and closing of future financings. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com or on the Company's website www.norsemont.com.

Overview

Norsemont is a Canadian public company engaged in the acquisition and exploration and development of natural resource properties. Effective April 5, 2007, the Company's common shares commenced trading on the Toronto Stock Exchange ("TSX") under the same trading symbol "NOM". Before April 5, 2007, the Company was a "Venture Issuer", as defined in National Instrument 51-102 and traded on the TSX Venture Exchange. Effective August 28, 2007, the Company's common shares were listed and commenced trading on the Bolsa de Valores de Lima (Lima Stock Exchange) under the same symbol "NOM".

The Company has an interest in resource properties in Peru, held through its wholly-owned subsidiary, Norsemont Peru S.A.C. ("Norsemont Peru") located in Lima.

As of the date of this MD&A, the Company has mineral interests in Peru as follows:

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Constancia Project, Peru

On February 9, 2005, the Company signed an agreement with Rio Tinto Mining and Exploration Ltd. (“Rio Tinto”) whereby Norsemont may acquire up to a 70% interest in the Constancia copper-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 of nearly five years, ending October 31, 2009.

Upon exercise of the initial option, Rio Tinto has a 60-day right to claw back an undivided 17% interest, if in the reasonable opinion of Rio Tinto global resource estimates for the property are not less than four million tonnes of copper (8.8 billion lbs.), by paying the Company up to 300% of the Company’s net cash payments (including cash payments, work expenditures and share issuances) 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 within 60 days following the end of Rio Tinto’s claw-back period.

The Company issued 150,000 common shares as finder’s fee at a deemed value of \$96,000 in connection with this option agreement.

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.

⁽²⁾ Issued.

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

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⁽⁴⁾ Incurred. As at June 30, 2007, the Company has expended in excess of \$7,800,000 of qualifying expenditures for exploration.

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.

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 \$3,200. 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. Costs associated to this have been included in mineral property exploration expenditures.

Update on the Constancia Project:

During the current quarter, on September 14, 2007, the Company announced the appointment of two new members to the senior management of Norsemont Mining Inc. Mr. Sean Spraggett was appointed to the position of Vice President, Projects and Mr. Wayne Lamphier was appointed to the position of Vice President, Environment and Community Relations. Based in Peru, Sean Spraggett has assumed responsibility for the general operations and scoping/feasibility studies on the Constancia project. Also based in Peru, Wayne Lamphier will be responsible for overseeing the Company's environmental affairs and community relations. These two appointments complete the senior operational management team in Peru.

On September 25, 2007, the Company announced the appointment of Mr. Augusto Baertl to the Board of Directors. Mr. Baertl is a Peruvian mining engineer who has held a number of senior positions with Peruvian and international mining companies. He served as Mine Manager, President and CEO of Compañía Minera Milpo, one of Peru's largest mining companies, from 1967 to 1996. From 1997 to 2002, Mr. Baertl served as President and Executive Chairman of Compañía Minera Antamina and oversaw the exploration, feasibility studies and development of the project. He is a member of the American Institute of Mining Metallurgical and Petroleum Engineers (AIME), the Instituto de Ingenieros de Minas del Perú and the Colegio de Ingenieros del Perú- Capítulo de Minas. Mr. Baertl graduated from Universidad Nacional de Ingeniería in 1965 and also participated in the Senior Management Program at Harvard Business School and in the CEO Management Program at Northwestern University.

Subsequent to the current quarter, on October 22, 2007, the Company announced results from the ongoing Phase III drill program at the Constancia project. Up to the date of reporting, Norsemont had completed approximately 17,000 meters of drilling on the Constancia project thus far during 2007. The majority of the drilling has been infill drilling. Full details of the drill results are available on www.norsemont.com.

Subsequent to the current quarter, the Company announced on November 2, 2007, that Norsemont Peru had 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

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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.

In April 2007, the Company reported that SRK Chile had been selected to conduct a Scoping Study at the pre-feasibility level on the Constancia project. Within the current quarter, the Company incurred \$2,784,000 of exploration charges related to the ongoing evaluation of the Constancia Project. Subsequent to the current quarter, on November 5, 2007, the Company announced the findings of the scoping study.

The scoping study considers an open pit mining operation using a standard milling and froth flotation plant to produce high grade copper and molybdenite concentrates. For economic evaluation purposes, the scoping study focused on three operating scenarios: a 30,000 tonne per day (t/d) stand-alone case (SA), a 30,000 t/d expandable to 55,000 t/d case (EX), and a 55,000 t/d stand-alone case (SA). Based on the current resource, the corresponding life of mine (LOM) for the 30,000 t/d and 55,000 t/d stand alone cases are 20 and 12 years, respectively.

Estimated production for the 55,000 t/d SA case is approximately 112,218 tonnes per year of copper recovered over the first five years, with a LOM annual average production of 90,411 tonnes. For the 30,000 t/d SA case estimated production is 72,814 tonnes per year of copper recovered during the first five years, with a LOM annual average of 53,598 tonnes. Based on a discount rate of 8 percent and a payback period which incorporates a two year start up, the Constancia project's ungeared Internal Rate of Return (IRR) and corresponding Net Present Value (NPV) for the three operating scenarios are as follows:

Description	30,000 t/d SA		30,000 t/d EX		55,000 t/d	
	Without Contingency	With 25% Cont.	Without Cont.	With 25% Cont.	Without Cont.	With 25% Cont.
NPV @ 8%	\$473M	\$404M	\$467M	\$396M	\$618M	\$530M
IRR	26.7%	21.4%	26.1%	20.9%	31.8%	25.3%
Payback from start of construction	6 years	7 years	6 years	7 years	5 years	6 years

Note: The cash flow values presented account for post tax and royalty payments.

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The cash flow analysis used long-term price assumptions of \$1.80 per lb Cu, \$12 per lb Mo, and \$11 per oz Ag. To provide an appreciation of the influence of metal prices to the project cash flow, a sensitivity analysis has been conducted modifying the copper price. The results of the sensitivity analysis based on copper prices at \$1.60 per lb, \$1.80 per lb and \$2.00 per lb are as follows:

Description	30,000 t/d SA			30,000 t/d EX			55,000 t/d		
	\$1.60	\$1.80	\$2.00	\$1.60	\$1.80	\$2.00	\$1.60	\$1.80	\$2.00
NPV @ 8%	\$255M	\$404M	\$552M	\$247M	\$396M	\$544M	\$345M	\$530M	\$715M
IRR	17%	21.4%	25.5%	16.5%	20.9%	24.9%	19.9%	25.3%	30.3%
Payback from start of construction	8 years	7 years	6 years	8 years	7 years	6 years	7 years	6 years	5 years

Note: 1. Cash flow values are presented accounting for a 25% overall contingency and discount rate of 8%.

2. The cash flow values presented account for post tax and royalty payments.

Cash operating costs net of credits are estimated at \$0.74 per lb over the 20-year project life for the 30,000 t/d SA case and \$0.67 per lb over the 12-year project life for the 55,000 t/d SA case. Capital expenditure estimates (inclusive of a 25 percent contingency) for the three operating scenarios are US\$605.6M, US\$617.3M and US\$739.7M for the 30,000 t/d SA, 30,000 t/d EX to 55,000 t/d and 55,000 t/d SA, respectively.

Based on the positive results of the scoping study, Norsemont will now advance the Constancia project to feasibility.

An independent technical report on the Constancia project dated May 9, 2007 prepared by Snowden Mining Industry Consultants Inc. is available on the Sedar website at www.sedar.com. The report stated an indicated resource of 70 million tonnes grading 0.53% copper, 0.013% molybdenum and 4.0 g/t silver (0.65% Cu-Equivalent) at a cutoff grade of 0.2% copper and an Inferred Resource of 250.2 million tonnes grading 0.51% copper, 0.013% molybdenum and 4.5 g/t silver (0.64% Cu-Equivalent) at a cutoff grade of 0.2% copper.

Results of Operations

During the current quarter, the Company reported a loss and comprehensive loss of \$4,526,000 or \$0.13 per share compared to a loss of \$2,785,000 or \$0.11 per share during the same period in the previous year, representing an increased loss of \$1,741,000. The increase in loss was mainly attributable to a 75% increase in exploration expenses and the recognition of an impairment to the carrying value of short-term investments.

Exploration expenses in the current quarter of \$2,673,000 versus \$1,525,000 charged in the comparable quarter of 2006 reflect the costs the Company has incurred in the scoping study and extensive drilling at Constancia. Costs are expected to increase in the coming quarters as work intensifies in preparation of a pre-feasibility study on the Constancia project.

The Company holds \$7 million invested in short-term 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"). 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

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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. Based on a fair value estimation of the recoverability of the investments, the Company has recorded an impairment charge in the amount of \$500,000 in the current period.

The Company recognised an unrealized foreign exchange loss of \$93,000 on the translation of its Peruvian operations and other foreign currency account balances. The increase over the comparable quarter results from a build up of operations and exposure to U.S. dollars and Peruvian New Sol denominated monetary assets and liabilities. Depending on the net asset position of the Company's operating subsidiary, Norsemont Peru, and the value of the U.S. dollars and Peruvian New Sol versus the Canadian dollar, the Company will continue to recognize gains and losses.

The fair value of the stock options granted and vesting in the current quarter was \$723,000, down slightly from \$848,000 in the comparable quarter in 2006 resulting from a reduced number of options granted in the current quarter and the fair value of those particular options and the fair value of options granted in prior periods but vesting in the respective periods.

Increased charges for amortisation of \$18,000 (2006 - \$7,000) reflects the build up and associated depreciation of assets within the corporate offices, both in Canada and Peru.

General and administrative expenses excluding stock based compensation increased by \$73,000, from \$467,000 during the period ended September 30, 2006 to \$554,000 during the period ended September 30, 2007. The increase in administrative expenses resulted from increases in office rent and related office administration (\$75,000), professional fees (\$79,000) and interest and bank charges (\$4,000). These increases were offset by reductions in other administrative functions, namely promotion and travel (\$46,000), transfer agent and filing fees (\$12,000) and wages, benefits and director's fees (\$12,000).

The increase in office, rent and related administration resulted from increased office infrastructure in Canada and Peru. The Company maintains a corporate office in Vancouver, Canada and in Lima, Peru. The Company intends to relocate its Canadian offices to Toronto and will incur nominal moving and service relocation costs in the next quarter.

Professional fees increased, in the main, by increased legal and accounting work related to regulatory filings paid by the Company in Canada. These fees are not expected to increase in the near term.

Management and consulting fees remained consistent between the two comparative quarters. These fees are not expected to deviate greatly on a going forward basis.

Wages and benefits and directors' fees decreased slightly in the current quarter compared to the prior year, in the main due to a shift in allocations from wages to exploration for cost associated with several key personnel in Peru. The Lima office in Peru is in charge of the over-all management of the Company's exploration projects including the Constancia Project.

Advertising, promotion and travel decreased by \$46,000 as there was a reduction in promotional road shows and attendance at industry conferences in the current quarter versus the comparable quarter in 2006. Within the coming quarters, the Company will be participating in a number of promotional activities and expenditures are expected to rise.

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During the current quarter, the Company incurred reduced regulatory, transfer agent and stock exchange fees compared to 2006 but is expected to recognize an increase in the second fiscal quarter as, discussed in subsequent events, the Company has entered into a private placement financing in November 2007.

Other items recognised in the current quarter relate to interest and gains on investments of ABCP securities. Other items during the period ended September 30, 2006 were \$75,875 compared to \$34,300 during the current period. Other items during the current period were derived from gain on sale of investments of \$11,305 (2006 - \$60,556) and interest and investment income of \$22,995 (2006 - \$15,319).

On September 24, 2007, the Board of Directors conditionally approved the terms of a Restricted Stock Unit ("RSU") plan (the "Plan") in terms of which the employees, officers and directors of the Corporation and its subsidiaries, other than the Chairman and Chief Executive Officer of the Corporation (collectively, "Service Providers") are eligible to participate in the Plan. Furthermore, restricted stock units ("RSUs") may also be granted to such other persons, other than the Chairman and Chief Executive Officer of the Corporation, as determined to be in the best interests of the Corporation by the Board of Directors. The Plan has a term of 10 years, subject to amendment of the term by the Board of Directors.

The purpose of the Plan is to attract and to encourage the continued employment and service of, and maximum efforts by, officers, key employees and directors of the Corporation by offering those persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Corporation. In the judgment of the Board of Directors, an initial or increased grant under the Plan will be a valuable incentive and will ultimately benefit the shareholders of the Corporation by aligning more closely the interests of participants in the Plan with those of the shareholders.

RSUs shall be granted to Service Providers at no cost in consideration for past service or as a performance reward. Upon vesting of the RSUs and upon all the conditions of the grant of RSUs being satisfied, the Corporation shall issue Norsemont common shares to the Service Provider. A Service Provider is not required to pay any fee to receive Norsemont common shares upon vesting.

RSUs shall vest within three (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 one (1) year following the award grant date. The vesting of RSUs granted to independent directors is subject to an election that must be made at the time the RSU is granted whereby the RSUs will either (a) vest within a minimum of one (1) and a maximum of three (3) years following the award grant date or (b) upon the independent director's resignation from the Board.

The maximum number of Norsemont 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 Norsemont at the time of inception of the Plan. The maximum number of shares issuable to insiders of the Corporation under all security-based compensation arrangements, including the Plan, at any time cannot exceed 10% of the issued and outstanding common shares and the number of securities to be issued to insiders of the Corporation pursuant to such arrangements within any one-year period, cannot exceed 10% of the issued and outstanding Norsemont common shares. Norsemont shareholders approved the RSU Plan at the Company's annual general meeting held on November 7, 2007.

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Summary of Quarterly Results

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters:

Quarter ended	Mineral Property Exploration Expenditures \$	Interest and Other Income \$	Net Loss \$	Loss per share \$
September 30, 2007	2,784,723	34,300	4,525,754	0.13
June 30, 2007	2,545,601	34,540	7,012,555	0.24
March 31, 2007	1,839,317	77,335	3,057,459	0.12
December 31, 2006	2,807,721	97,995	3,781,452	0.15
September 30, 2006	1,525,371	75,875	2,785,094	0.11
June 30, 2006	1,986,109	71,262	2,414,072	0.09
March 31, 2006	419,625	75,853	1,541,596	0.06
December 31, 2005	1,420,165	10,536	3,840,876	0.19
September 30, 2005	1,117,430	12,169	2,194,573	0.11

During the most recent six fiscal quarters, the Company has focused the majority of its exploration efforts in Peru for the purpose of acquiring, exploring and developing the Constancia project.

Liquidity and Capital Resources

During the current quarter, the Company concluded two non-brokered private placement financings for gross proceeds of \$12,720,000. As discussed above, the Company invested \$7 million in short-term ABCP based on professional advice from Canaccord Capital Inc. The Company awaits the restructuring proposal expected on or before December 14, 2007. In the meantime, management will investigate opportunities to trade the securities in any new markets being created by brokers, banks or other institutions. The situation appears to remain a result of the current lack of liquidity for asset-backed securities rather than credit worthiness of its underlying assets. There is no certainty of a positive outcome from the Montreal Accord, nor in the creation of liquid alternative markets therefore, based on a fair value estimation of the recoverability of the investments, the Company recorded an impairment charge in the amount of \$500,000 in the current period.

The proceeds of \$12,720,000 were from non-brokered private placements of an aggregate of 7,950,000 units. The units were placed at a price of \$1.60 each. 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, on exercise, to acquire one additional common share of the company at an exercise price of \$1.95 within 24 months from the date of issuance of the warrants.

The Company's reported working capital of \$11,085,000 at September 30, 2007 compared to working capital of \$2,227,000 at June 30, 2007, represents an improvement of \$8,858,000 due, in the main, to the two private placements completed in the first fiscal quarter. As at September 30, 2007, the company held \$5,129,000 in cash and cash equivalents and \$6,500,000 in

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short-term ABCP securities whereas at June 30, 2007, the Company had net cash on hand of \$1,538,000 and \$1,350,000 of non ABCP securities. In the current quarter, \$2,673,000 was utilised in advancing the Constancia project in Peru and an additional \$600,000 was used in other operations including, administration, professional fees and wages and benefits.

Current assets excluding cash, as compared to the June 30, year end position, increased by \$5,313,000, in the main, due to the investment in short-term securities of a portion of the financings proceeds. Additionally, Norsemont Peru recognised an additional \$113,000 of value added tax receivables over the year end balance.

Current liabilities as compared to the June 30 year end position, remained relatively static and were comprised of regular operational payables and accruals in both periods.

Other than as disclosed in subsequent events and proposed transactions below, and in particular the agreement to purchase 30% of the Constancia Project from Mitsui Mining, the Company's contractual obligations have not deviated significantly from that reported as at June 30, 2007. The Mitsui Mining agreement calls for a \$9.8 million payment over 20 months on an expected schedule as follows:

- Initial payment on signature of the public deed of the agreements: \$100,000
- First payment on or before January 31, 2008: \$700,000
- Second payment on or before June 30, 2008: \$2,000,000
- Third payment on or before December 31, 2008: \$3,000,000
- Final payment on or before June 30, 2009: \$4,000,000

The purchase will be financed by the private placement of special warrants, also described in subsequent events, and the cash and short-term investments on hand.

Net changes in non-cash working capital balances utilised was \$82,000 in the three month period ended September 30, 2007 and overall cash utilised in operating activities was \$3,374,000. In the comparable period in 2006, non-cash working capital utilized a nominal \$21,000. Total operating utilisation of cash, however, was \$2,012,000.

During the period, the Company generated net cash of \$12,634,000, almost exclusively through the net proceeds of two private placements completed in July and September. In the comparable quarter of 2006, the Company did not complete any financings but collected \$89,000 through the exercise of options.

In summary, financing for the Company's operations was funded primarily from cash on hand at June 30, 2007 and private placements completed in the first fiscal quarter.

Other sources of funds potentially available to the Company as of November 12, 2007 are through the exercise of 3,975,000 share purchase warrants at a price of \$1.95 per share expiring in 2009, the exercise of 2,100,000 warrants with an exercise price of \$4.75, expiring in 2008 and through the exercise of an aggregate of 7,363,375 stock options with exercise prices ranging from \$0.19 to \$4.00 per share expiring between 2009 and 2012. There can be no assurance, however, that any or all of these outstanding convertible securities will be exercised, particularly if the trading price of the common shares on the Exchange does not exceed, by a material amount and for a reasonable period, the exercise price of such convertible securities at some time prior to their expiry dates.

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With the expected finalisation of the private placement of special warrants discussed above and a satisfactory resolution to the ABCP position, the Company will have sufficient funds to continue to meet its anticipated ongoing operations. The Company will have additional capital requirements in excess of its currently available resources to carry out any programs of work on the mineral properties and will therefore be required to raise additional funds. In addition, if the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. Although the Company has previously been successful in raising the funds required for its operations, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company has not had a history of operations or earnings and its overall success will be affected by its current or future business activities. The Company is in the process of acquiring and exploring its interests in resource properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. The recoverability of expenditures incurred to earn an interest in these resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

Transactions with Related Parties

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

- (1) Paid or accrued \$75,000 (2006 - \$79,500) for management fees to a director and companies controlled by former directors of the Company.
- (2) 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.
- (3) Paid or accrued \$42,107 (2006 - \$2,394) for legal fees to a company controlled by an officer of the Company.
- (4) Paid or accrued \$30,000 (2006 - \$30,000) for accounting fees to a company controlled by an officer of the Company.
- (5) 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.
- (6) The Company recovered \$19,500 (2006 - \$nil) for rent and office expenses from companies having directors and officers in common.

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Current Quarter Events

The following events occurred during the first fiscal quarter:

- (1) The Company granted incentive stock options to purchase up to 300,000 common shares at an exercise price of \$1.77 per share, 200,000 common shares at a price of \$1.72 per share, 100,000 common shares at \$1.53 per share and 50,000 common shares at \$1.68 per share to a director, an officer and an employee of the Company. In addition, the 1,468,974 options at \$1.62 per share and 450,000 options at \$1.57 per share which were granted over the authorized level of the plan were approved by the disinterested shareholders of the Company during the period.
- (2) The Company completed non-brokered private placements of 7,950,000 units at \$1.60 per unit for gross proceeds of \$12,720,000. 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.
- (3) The Company invested, on the basis of professional advice, received from Canaccord Capital Inc., a total of \$7 million in Canadian asset-backed commercial paper (“ABCP”) with a trust managed by Coventree Capital Group Inc. (“Coventree”). As of the date of this MD&A, all of these investments have come due and are payable. The matured notes have not been paid to the Company and remain outstanding. Coventree announced on August 13, 2007 that it was experiencing market disruption and as a result, was unable to meet its repayment obligations until its liquidity providers fund such repayments. The Company is currently investigating the implications of these events which appear to be a result of the current lack of liquidity for asset-backed securities rather than credit worthiness of its underlying assets.
- (4) On September 25, 2007, the Company announced the appointment of Mr. Augusto Baertl to the board of directors. Mr. Baertl is a Peruvian mining engineer who has held a number of senior positions with Peruvian and international mining companies. He served as Mine Manager, President and CEO of Compañía Minera Milpo, one of Peru's largest mining companies, from 1967 to 1996. From 1997 to 2002, Mr. Baertl served as President and Executive Chairman of Compañía Minera Antamina and oversaw the exploration, feasibility studies and development of the project. He is a member of the American Institute of Mining Metallurgical and Petroleum Engineers (AIME), the Instituto de Ingenieros de Minas del Perú and the Colegio de Ingenieros del Perú- Capítulo de Minas

Critical Accounting Estimates

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, amortization periods of furniture, equipment and leasehold improvements, valuation of stock-based compensation, and the estimation of future income tax assets and valuation allowance. Actual results could differ from those estimates.

The accounting policies described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

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Short-term investments:

As at September 30, 2007, the Company has investments of \$7,000,000 in ABCP. These investments are carried at management's estimate of fair value of \$6,500,000. During the three months ended September 30, 2007, the Company recorded an impairment charge of approximately \$500,000 based on a fair value estimation of the recoverability of the investments.

Management has estimated the fair value impairment on these investments 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. 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. 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.

See "Results of Operations", "Liquidity and Capital Resources" and "Current Quarter Events" for a discussion on the Company's ABCP investments.

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. As the Company expenses exploration costs as incurred, asset retirement obligations recognised are also expensed as incurred. 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).

Stock-based compensation:

The Company accounts for all stock-based payments and awards made to employees and non-employees under the fair value based method. Fair value is estimated using the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility and the period in which the option will be exercised or the expected life of the options. The estimates concerning volatility are made with reference to historical volatility, which is not necessarily an accurate indicator of future volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Changes in Accounting Policies including Initial Adoption

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

- (1) Comprehensive Income (Section 1530):

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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.

(2) 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 investments as available-for-sale assets in accordance with Section 3855. In addition, the Company recorded an other than temporary impairment charge on these investments of approximately \$500,000 in the consolidated statements of operations during the three months ended September 30, 2007.

(3) 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 and 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 investments approximates their carrying values.

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(4) 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.

Financial Instruments and Other Instruments

(1) Foreign currency risk

The Company conducts a major 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.

(2) 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 further mitigate this risk.

Other

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as at September 30, 2007 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of September 30, 2007, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for accurate disclosure to be made on a timely basis.

Changes in Internal Control over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the year ended September 30, 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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Summary of Outstanding Share Data

The Company's issued and outstanding share capital as at the date of this report are as follows:

- (1) Authorised

Unlimited common shares without par value.

- (2) Issued and outstanding

	Number of shares	Amount
Balance, June 30, 2005	19,120,125	\$ 10,893,340
Issued for cash pursuant to:		
Private placement	3,500,000	14,000,000
Exercise of options	494,850	324,067
Exercise of warrants	1,490,403	1,135,330
Issued on acquisition of mineral property	500,000	745,000
Share issue costs	-	(1,788,297)
Balance, June 30, 2006	25,105,378	25,309,440
Issued for cash 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 for cash pursuant to:		
Private placement	7,950,000	12,720,000
Share issue costs	-	(50,669)
Exercise of options	150,000	131,500
Balance, November 12, 2007	37,912,878	\$ 44,052,523

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(3) Stock options

The following table summarizes the stock options outstanding and exercisable November 12, 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 10, 2011	1,187,500
270,000	\$1.60	April 24, 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
125,000	\$1.77	October 1, 2012	41,667
7,363,375			5,304,208

(4) Warrants

The following warrants were outstanding at November 12, 2007. Each warrant entitles the holder to purchase one common share of the Company as follows:

Number of Shares	Exercise Price	Expiry Date
2,100,000	\$4.75	January 19, 2008
2,475,000	\$1.95	July 20, 2009
1,500,000	\$1.95	September 12, 2009

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Subsequent Events and Proposed Transactions

Effective October 1, 2007, Christopher Reynolds joined the Company as Vice President and CFO. Mr. Reynolds succeeds Tony Ricci, who resigned as CFO of the Company.

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. The fair value of the grant will be charged to the statement of operations.

Subsequent to the quarter end, 150,000 common shares were issued for gross proceeds of \$131,500 on exercise of stock options.

On November 1, 2007, the Company announced that it entered into a letter agreement dated October 31, 2007 to carry out a brokered private placement of 6,210,000 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 \$18,009,000. 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. A finder's fee of 6% of the gross proceeds shall be paid to the underwriters in connection with this offering. Closing is expected to occur on or about November 15, 2007.

On November 2, 2007, the Company announced that Norsemont Peru had 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.