

NORSEMAN CAPITAL LTD.
(FORMERLY, “GEM INTERNATIONAL RESOURCES INC.)
Management’s Discussion and Analysis
For the Nine Months Ended June 30, 2020

Form 51-102F1

Effective Date

This Management’s Discussion and Analysis (“MD&A”) provides relevant information on the operations and financial results of Norseman Capital Ltd. (Formerly, Gem International Resources Inc. (the “Company”) for the nine months ended June 30, 2020. This MD&A is a complement and supplement to the Condensed interim consolidated financial statements for the nine months ended June 30, 2020. It should be read in conjunction with the Company’s audited annual consolidated financial statements for year ended September 30, 2019 and related notes thereto. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and can be found on SEDAR at www.sedar.com and the Company’s website www.gemintlresourcesinc.com.

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

The effective date of this MD&A is August 24, 2020.

Forward-Looking Statements

This MD&A contains forward-looking statements that are based on the Company’s current expectations and estimate. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “suggest”, “indicate” and other similar words or statements that certain events or conditions “may” or “will” occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Description of Business and Overall Performance

Norseman Capital Ltd. (Formerly, Gem International Resources Inc. (the “Company”) was incorporated on September 25, 1985 under the laws of British Columbia, Canada and is a junior natural resource company. The common shares of the Company are listed on NEX under the symbol NOC.H.

On August 20, 2020, the Company has completed its reactivation from the NEX board of the TSX Venture Exchange (“TSXV”) to Tier 2 of the TSXV and the trading of the Company’s common shares will commence on the TSXV under the trading symbol “NOC” on August 24, 2020.

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The Company is primarily engaged in the acquisition, exploration and development of mineral properties.

Activities

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

During the nine months ended June 30, 2020, Norseman was currently seeking opportunities to acquire and explore for mineral resources. On August 19, 2020, the Company has completed the acquisition of an option to acquire a 100% interest in certain mining claims located in the Skeena Mining Division area in British Columbia (the "**Caribou Property**"), pursuant to an option agreement (the "**Option Agreement**") with Cloudbreak Discover Corp. ("**Cloudbreak**").

Pursuant to the Option Agreement, in order to fully exercise the option (the "**Option**"), the Company shall pay to Cloudbreak an aggregate of \$80,000 and 2,750,000 common shares in the capital of the Company ("**Common Shares**") in three installments. The first installment is composed of \$10,000, payable on the effective date (the "**Effective Date**") of the Option Agreement and 1,000,000 Common Shares issuable within five business days of approval of the TSX Venture Exchange ("**TSXV**"). The second installment is composed of \$20,000 and 750,000 Common shares and is payable on the first anniversary of the Effective Date. The third and final installment is composed of \$50,000 and 1,000,000 Shares and is payable on the second anniversary of the Effective Date.

In addition, pursuant to the Option Agreement, the Company shall grant to Cloudbreak a 2.0% net smelter return ("**NSR**") royalty. The Company shall have the right to acquire one-half of the NSR from Cloudbreak at a price of \$1,000,000, in which case the Company shall have the right to acquire the remaining half of the NSR at price of \$4,000,000, for an aggregate of \$5,000,000.

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

Financing Activities during Nine Months ended June 30, 2020 and Year ended September 30, 2019

Subsequent to the period ended June 30, 2020, the Company closed its previously announced non-brokered private placement financing (the "**Initial Offering**") of common shares ("**Shares**"). The Initial Offering consisted of the sale of 3,000,000 Shares at a price of \$0.05 per Share for aggregate gross proceeds of \$150,000.

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

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holder to purchase one Share at a price of CAD\$0.25 per Share for a period of twenty-four months from the date of issuance.

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

On December 27, 2019, the Company has completed a private placement comprised of the sale of 8,000,000 common shares in the capital of the Company at a price of \$0.05 per Share for aggregate gross proceeds of \$400,000.

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

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

MOSMAN OIL AND GAS LIMITED

Pursuant to a Loan Agreement dated March 28, 2018 between the Company (“the Borrower”) and Mosman Oil and Gas Limited (“the Lender”), a related company will provide an advance up to \$100,000 in Canadian dollars to the Borrower which bears interest at 5% per annum, payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of \$10,000 in Canadian dollars will be charged and repaid on December 31, 2018. As at September 30, 2019, the advance under the loan was \$100,000 CAD. During the three months ended December 31, 2019, the loan was paid through shares issued for debt.

CLARIDEN CAPITAL PTY LTD.

Pursuant to a Loan Agreement dated April 24, 2018, the Company (the “Borrower”) and Clariden Capital Pty Ltd. (the “Lender”), a related company founded by the new director, will provide an advance of up to \$50,000 in Canadian dollars to the Borrower which bears interest at 5% per annum payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of \$10,000 in Canadian dollars will be charged and repaid on December 31, 2018. As at September 30, 2019, the advance under the loan was \$50,000 CAD. During the three months ended December 31, 2019, the loan was paid through shares issued for debt.

LOANS - OTHERS

A group of individuals (the “Lenders”) executed loan agreements dated January 11, 2019 with the Company for an aggregate of \$50,000 AUD of which \$12,500 AUD was advanced by an individual related to a certain director and \$12,500 AUD was advanced by Clariden Capital Pty Ltd. The loan agreements have identical terms and are repayable in full on December 31, 2019. Interest is payable by the Company to the Lender on the Principal Sum at 5% per annum. As at September 30, 2019, the loan payable was \$25,000 AUD (CAD: \$23,236). During the three months ended December 31, 2019, the loan was paid through shares issued for debt.

Results of Operations

For the Nine Months Ended June 30, 2020 and 2019

During the nine months ended June 30, 2020, the Company incurred a net loss of \$289,914 as compared to a net loss of \$81,878 for the same period in 2019, an increase in net loss by \$208,036. The increase was primarily attributed to non-cash stock-based compensation expense of \$85,432 and increases in general and administrative expenses include the following.

- Audit, accounting and legal fees were \$59,589 (2019 - \$15,120);
- Consulting fees were \$84,500 (2019 - \$38,869);
- Regulatory and transfer agent fees were \$26,342 (2019 - \$10,067);
- Stock-based compensation was \$85,432 (2019 - \$Nil);
- Travelling and promotion were \$28,443 (2019 - \$10,151).

For the Three Months Ended June 30, 2020 and 2019

During the three months ended June 30, 2020, the Company incurred a net loss of \$42,692 as compared to a net loss of \$6,461 for the same period in 2019, an increase in net loss by \$36,231. The increase was primarily attributed to increases in general and administrative expenses include the following.

- Audit, accounting and legal fees were \$10,772 (2019 - \$4,250);
- Consulting fees were \$22,500 (2019 - \$Nil);
- Regulatory and transfer agent fees was \$7,761 (2019 - \$927);
- Travelling and promotion were \$1,469 (2019 - \$Nil).

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Summary of Quarterly Results

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

Quarter Ended	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30
Year	2020	2020	2019	2019	2019	2018	2018	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Interest Income	4	2	-	-	-	-	-	1
Net Loss	(42,692)	(154,173)	(93,051)	144,963	(6,461)	(28,889)	(46,528)	(87,226)
Basic & Diluted Loss per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Significant variances in the Company’s reported loss from quarter to quarter most commonly arise from:

During the nine months ended June 30, 2020, the Company has incurred most of the general and administration fees in professional fees in legal and regulatory filing fees as a result of a private placement and shares for debt transactions that took place during the three months ended December 31, 2019.

Liquidity and Capital Resources

At June 30, 2020, the Company had net working capital surplus of \$1,822 as compared to net working capital deficit of \$468,446 at September 30, 2019. The Company had cash on hand of \$96,975 as compared to \$79 as at September 30, 2019.

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

Subsequent to the period ended June 30, 2020, the Company closed its previously announced non-brokered private placement financing (the “**Initial Offering**”) of common shares (“**Shares**”). The Initial Offering consisted of the sale of 3,000,000 Shares at a price of \$0.05 per Share for aggregate gross proceeds of \$150,000.

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

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

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Off-Balance Sheet Arrangement

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

Related Party Transactions

The following is a summary of related party transactions that occurred during the period ended June 30, 2020.

- a) Office rent of \$Nil (2019 - \$Nil) and accounting fees of \$Nil (2019 - \$Nil) were incurred by the Company and as at June 30, 2020, \$Nil (2019 - \$37,800) remained payable to a company related to a former director of the Company;
- b) Incurred consulting fees of \$Nil (2019 - \$Nil) and as at June 30, 2020, \$Nil (2019 - \$86,216) remained payable to a company owned by a former director of the Company;
- c) Incurred consulting fees of \$Nil (2019 - \$Nil); and as at June 30, 2020, \$Nil (2019 - \$34,600) remained payable to a company owned by a former director & CEO of the Company;
- d) Incurred consulting fees of \$Nil (2019 - \$Nil) and as at June 30, 2020, \$Nil (2019 - \$3,500) remained payable to a former director of the Company;
- e) Incurred consulting fees of \$Nil (2019 - \$Nil) and as at June 30, 2020, \$Nil (2019 - \$6,000) remained payable to a former director of the Company;
- f) Incurred accounting fees of \$14,250 (2019 - \$12,750) for accounting services provided by an officer of the Company and as at June 30, 2020, \$4,250 (2019- \$8,925) remained payable.
- g) Incurred consulting fees of \$22,500 (2019 – 15,989) and as at June 30, 2020, \$7,500 (2019 – \$53,695) remained payable to a company owned by the interim CEO of the Company;
- h) Incurred consulting fees of \$22,500 (2019 – \$22,879) and as at June 30, 2020, \$15,000 (2019 – \$49,479) remained payable to a company owned by a director of the company.
- i) Incurred consulting fees of \$22,500 (2019– \$Nil) and as at June 30, 2020, \$15,000 (2019 – \$Nil) remained payable to a director of the company.

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The above transactions with related parties, occurring in the normal course of operations, were measured at the fair value, are unsecured with no specific terms of repayment and are non-interest bearing; unless, otherwise stated.

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the follow:

	June 30, 2020	June 30, 2019
Key management personnel:		
Interim CEO and director	\$ 22,500	\$ 15,989
CFO	14,250	12,750
Directors	45,000	22,879
	\$ 81,750	\$ 51,618

Accounting Standards, Amendments and Interpretations

New Standards, Amendments and Interpretations Effective for the first time

IFRS 16 Leases

On September 1, 2019, the company, adopted on a modified retrospective basis, for the first time, IFRS 16 - Leases. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative figures are not restated to reflect the adoption of IFRS 16.

IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot be easily determined, the Company’s incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is re-measured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. However, the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of re-measurement in profit or loss.

IFRIC 23 – Uncertainty over Income Tax Treatment (“IFRIC 23”)

This standard, also to be effective for annual report periods beginning on or after January 1, 2019, clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments addressing four specific issues:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity should make about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit or loss, taxes bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Company has reviewed the standard and believes that this does not have an impact on the Company’s condensed consolidated interim financial statements due to its taxable loss position.

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

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Financial Instruments and Other Instruments

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

The Company’s financial instruments comprise of cash, receivables, marketable securities, accounts payable and accrued liabilities.

The fair value of cash and marketable securities are based on level 1 input of the fair value hierarchy. The carrying values of receivables and accounts payable and accrued liabilities approximate their fair values due to their short-term maturity.

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

Management’s Responsibility for the Financial Statements

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

Critical Accounting Estimates

The financial statements prepared in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to assessments of the recoverability and carrying value of exploration and evaluation assets, assumptions used in determining the fair value of share-based payments, recognition and valuation of deferred income tax amounts as well as provision for restoration and environmental costs. Due to the inherent uncertainty involved with making such estimates, actual results could differ from these estimates. Future events and risk factors inherent in the mining industry could result in changes in these estimates and assumptions.

Outstanding Share Data

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

- (1) Common shares – 25,081,554
- (2) Share purchase warrants – 1,000,000
- (3) Stock options – 1,908,115

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Risk Factors relating to the Company’s Business

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

Future exploration and development activities on the Company’s properties will require additional financing. There is no assurance that additional funding will be available to the Company when need or that, if available, the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests. The effects of these cannot be accurately predicted, but any of these issues could impede development or render it uneconomic.

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

Additional Information

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

Directors and Officers

John W. Barr – Director, Interim CEO and Chairman

J. Campbell Smyth – Director

Sean Hurd – Director

Simon Ma – CFO

Both Mr Barr and Mr Smyth are residents of Australia.