

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

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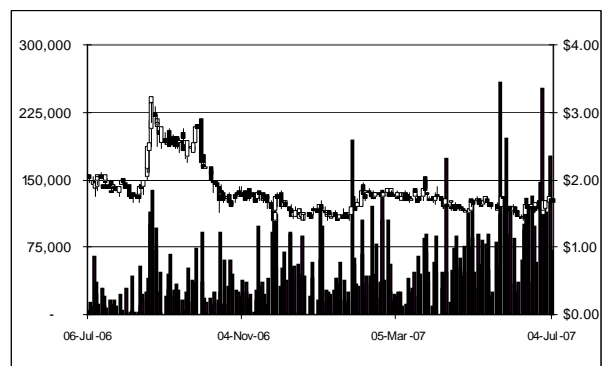
Norsemont Mining Inc. (TSX: NOM) – New Management and Corporate Overhaul

Sector/Industry: Junior Mining

www.norsemont.com

Market Data (as of July 10, 2007)

Current Price	C\$1.62
Fair Value	C\$3.60
Rating*	BUY
Risk*	5 – Highly Spec
52 Week Range	C\$1.38 – C\$3.24
Shares O/S	29,812,878
Market Cap	C\$48.30 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	7.74
YoY Return	-16.9%
YoY TSX	21.9%



About Norsemont Mining Inc.

Norsemont Mining Inc. (TSX: NOM) is focused on the exploration and development of the Constanica copper-molybdenum-silver property in Peru, South America. They own a 70% interest in the property, which is under option from Rio Tinto (NYSE: RTP). The Constanica has an updated NI-43-101 compliant indicated resource estimate of 818 million pounds copper and an inferred resource of 2.82 billion pounds copper. The company is planning to advance the property through a scoping study in 2007, and will continue with drilling and resource expansion.

Key Financial Data (FYE - June 30)	2003	2004	2005	2006	2007 9 mo
Cash	30,620	103,852	2,414,242	10,777,244	5,110,337
Working Capital	(194,471)	38,001	2,381,707	10,307,694	4,818,219
Mineral Assets	86,580	5,001	637,484	99,392	1,252,269
Total Assets	121,700	122,131	3,094,290	11,206,748	7,482,199
LT Debt	-	-	-	-	-
Net Loss	(56,663)	(247,718)	(614,566)	(5,134,160)	(9,624,005)
Loss per Share	(0.01)	(0.02)	(0.04)	(0.23)	(0.37)

NEW MANAGEMENT

Investors may have noticed a significant management overhaul at Norsemont Mining Inc. in June 2007. The CEO and three directors resigned, and a new CEO and directors were brought in. The new management and directors are all experienced mining professionals who have worked for some of the world's largest mining companies, including Xstrata (LSE: XTA), Noranda, and Placer Dome. They have notable experience in financing, development, and politics in South America. Mr. Patrick Evans, the new CEO, has a very successful record of accomplishment as the President and CEO of Mountain Province Diamonds Inc (TSX: MPV). Since joining that company in 2005, Mountain Province has successfully advanced the Gahchu Kue diamond project, under joint venture with De Beers, to development. The share price has grown accordingly.

We believe this management change reflects the company's transition from exploration to development/production. It is important to remember that Norsemont has gone through several management changes since its formation. We expect the company to continue with the exploration and development of the Constancia property in South America. Mr. Evans and the new directors will have the opportunity to restructure the company's strategy for that property and successfully advance the Constancia property to production.

The management changes since our initial report are summarized below. The original management team was, in part, responsible for taking the company public in 2004, and for the acquisition and exploration of the Constancia property.

Management & Board at Initial Report	Management & Board to Date
Marc Levy - CEO and Chairman	Patrick Evans – CEO and Director
Robert Baxter - President and Director	Robert Baxter - President and Director
Tony Ricci, CA – CFO, Director	Tony Ricci, CA - CFO
	George Bell – Director
Mark Jackson - Director	Mark Jackson - Director
Art Freeze, P. Geo. - Director	Robert Parsons - Director
Brian Kerzner - Director	Brian Kerzner - Director
Joseph Keane, P. Geo. – Director*	Malcolm Siverns - Director
* <i>added at first update</i>	

The biographies of the company's new management and board of directors follows:

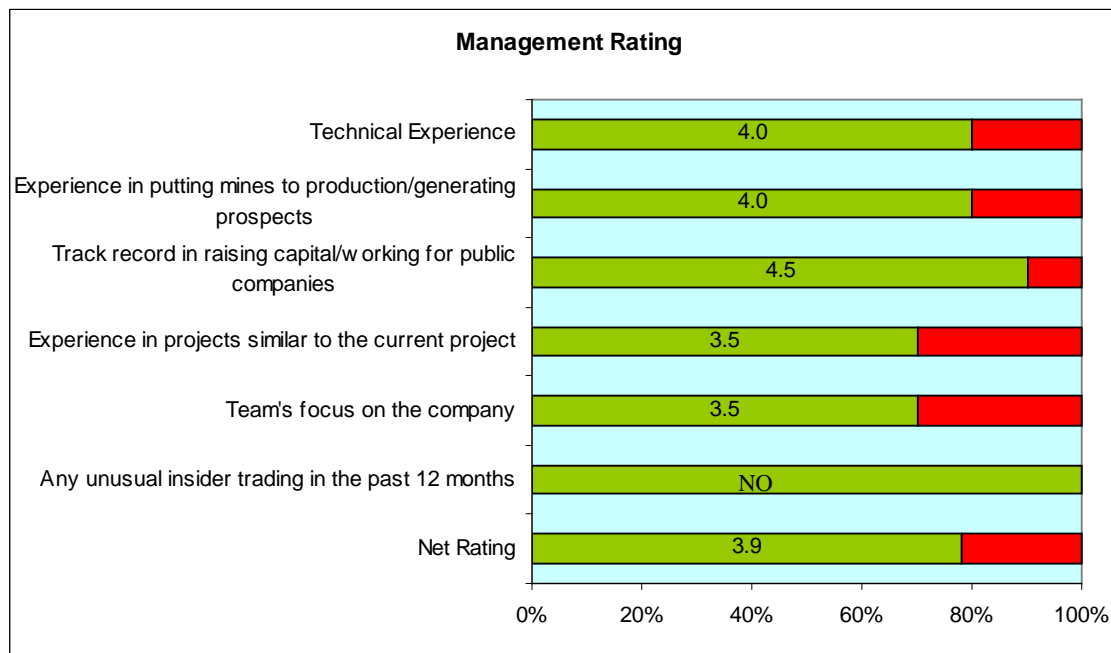
Mr. Patrick Evans is President, CEO and a Director of Mountain Province Diamonds Inc. Prior to joining Mountain Province, he held a number of senior mining executive positions, including President and CEO of Weda Bay Minerals Inc. (acquired by Eramet S.A.), President and CEO of Southern Platinum Corp. and Messina Limited (acquired by Lonmin Plc), President and CEO of SouthernEra Diamonds Inc. and Vice President of Placer Dome Inc.

Mr. George Bell is President and CEO of UNOR Inc. Mr. Bell has more than 36 years of experience in the international natural resource industry. From 1967 to 1996, he held several senior executive positions with the Noranda Group of companies. Mr. Bell holds a B.Sc. in Business Administration from the University of North Dakota (1967) and has held directorships and executive positions in the Americas, Asia and Europe. Currently, he is also a director of Fronteer Development Group Inc.

Mr. Robert Parsons is a Chartered Accountant and retired Partner from PricewaterhouseCoopers after a career spanning 34 years. He currently serves on the Board, and as Vice President, of the World Mines Ministries Forum, and on the International Affairs Committee of the Prospectors and Developers Association of Canada. He has served on the Board of the Prospectors and Developers Association of Canada (PDAC) from 1985 to 2003, Executive Council of the Canadian Minerals Industry Federation, the Advisory Council of the Centre for Resource Studies at Queens University, the Professional Advisory Board of the Government of Canada's Petroleum Monitoring Agency, and as a member of the Board of Directors of both the Indonesian Mining Association and the Canada - Indonesia Chamber of Commerce. He has also served on the boards of a number of listed Canadian companies. Mr. Parsons is active in developing countries as an independent financial and fiscal consultant to the World Bank's mining group.

Mr. Malcolm Siverns has more than 34 years of experience in the international mining industry. He was a member of the Noranda Group of companies from 1972 to 2003 where he held a number of senior positions, including managing director of Noranda's offices in the United Kingdom and Switzerland and Vice President for International Relations in Peru. Mr. Siverns served on the boards of Compania Minera Antamina, the SNMPE (Peruvian National Mining, Energy & Petroleum Society) and the Canada-Peru Chamber of Commerce. From 2003 until 2006 Mr. Siverns served as the senior advisor for international relations for Falconbridge Ltd.

Management Rating: In our last update of Norsemont, dated May 7, 2007, we introduced our management rating for Norsemont. Our rating was **above average**, based on the company's experienced technical team and ability to raise financing. We have updated our rating based on the new management team. Notably, we gave the company a higher rating for "track record in raising capital/working for public companies", as the new CEO has been very successful at Mountain Province Diamonds. The company's board of directors has significantly improved as well. The new management rating is shown in the image on the next page.



Goals for 2007: In 2007, the company intends to complete a preliminary assessment (scoping) study to study the economics of a mine at Constancia. They also plan to release an updated resource estimate bringing more of the resource to measured and indicated categories. This is required to bring the project into feasibility.

Recent Financing: On June 28, 2007, the company announced that they have arranged a non-brokered private placement to raise \$9 million, by issuing 5.63 million units at a unit price of \$1.60. Each unit will consist of one common share and one-half of one common share purchase warrant. The financing is subject to regulatory approval.

Cash Position: At the end of March 2007 (Q3-2007), the company had cash and working capital of \$5.11 million and \$4.82 million, respectively, compared to \$10.78 million and \$10.31 million at the end of FY2006 (June 2006). The company expects to spend about \$11 million in 2007. If the company is able to complete the proposed \$9 million financing, we believe, the company will have sufficient access to capital to fund its capital budget program.

Valuation: We have revised our valuation models (shown next page) to incorporate the expected dilution due to the recently announced financing.

Our DCF valuation dropped slightly from \$2.47 to \$2.45, and our real options valuation dropped from \$5.86 to \$5.56. However, our comparables valuation increased from \$2.55 to \$2.81, as the average ratio of enterprise value to resources increased from 0.04 to 0.06 (as the stock prices of both peers has increased since our last update).

DCF Valuation Summary - Constanca Property	
Resource (in tonnes)	195,000,000
Wt. average grade (%)	0.52%
Contained Metal (in lbs)	2,223,361,912
Recovery	85.0%
Production Commencement	2010
Mine Life (in years)	14
Long-Term Copper Price (in US\$)	\$1.50
Average Operating Costs (\$/lb)	\$0.79
Capital Costs (in \$mm)	\$350
Discount Rate	12%
Net Present Value	\$75,198,381
(NOM's interest - 70%)	
Working Capital	\$12,018,219
Debt	-
Value of NOM	\$87,216,600
No. of Shares (diluted)	35,648,595
Value per share	\$2.45

The Constanca property - Real Options Valuation Model			
Inputs relating the underlying asset			
Estd. Mineral Resources (in tonnes)			132,500,000
Estd. Value of Minerals if extracted today			\$1,487,793,877
Annualized Standard Deviation of Mineral prices			35%
Capital Investment			\$350,000,000
Estd. Mine Life (years)			14
Riskfree Rate			4.26%
Output			
Stock Price	\$1,487,793,877	T.Bond rate	4.26%
Strike Price	\$350,000,000	Variance	0.12
Expiration (in years)	14	Annualized div yield	9.4%
d1 =	1.2113	d2 =	-0.0875
N(d1) =	0.8871	N(d2) =	0.4652
Value of Option	\$265,938,309		
Value of NOM's Option (70%)	\$186,156,817		
Working Capital	\$12,018,219		
Debt	-		
No of outstanding shares (diluted)	35,648,595		
Value per share	\$5.56		

Comparable valuation model for the Constancia property							
	SYM	Price	Market Cap	Net Resources	Enterprise Value	EV / Resources	
1	Antares Minerals Inc.	TSXV: ANM	\$1.75	\$71,249,595	1,072,557,713	\$64,760,013	0.06
	Target Minerals: Cu-Au Type: secondary-enriched porphyry copper deposits, Cu-Mo ±Au porphyry type & copper-skarn deposits Property Location: Southern Peru, South of the Las Bambas deposit Stage: Expects to complete pre-feasibility by early 2007 Ownership: Has an option to purchase 100% interest						
2	Norsemont Mining Inc.	TSXV: NOM	\$1.62	\$57,750,724	1,556,353,324	\$43,640,387	0.03
	Target Minerals: Cu-Mo-Ag-Au Type: copper-gold-molybdenum porphyry deposits and copper-skarn deposits Property Location: Southern Peru, 600km southeast of Lima Stage: Expecting updated resource estimates Ownership: Has an option to purchase 70% interest						
3	Chariot Resources	TSX: CHD	\$1.22	\$369,998,635	4,384,100,000	\$340,085,923	0.08
	Target Minerals: Cu-Ag-Au Type: hydrothermal iron-oxide copper gold ("IOCG") ore deposit model Property Location: Southern Peru, 400km southeast of Lima Stage: Expecting updated resource estimates Ownership: 70% owned						
					Average EV / Resources	0.06	
					Fair Value of NOM	\$2.81	

Note:

Net Resources = Measured and Indicated Resources + 50% of Inferred Resources

Stock prices and Market Cap are as of July 10, 2007

Based on the above revisions, our average fair value has dropped slightly from \$3.63 to \$3.61.

Conclusions & Rating: It is apparent that the company is in the midst of a significant transition. At this time, we are encouraged by the experience and record of accomplishment the new management and board of directors brings to the company, but we must wait for news to see what the company will do.

Based on our revised valuation models, we reiterate our BUY rating (Risk 5: Highly Speculative), and maintain our fair value estimate of \$3.60 per share on Norsemont.

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- The company is exposed to all the risks associated with a mineral exploration company. Norsemont does not have any operating mines and does not generate any revenues or positive cash flows.
- The success of drilling, resource expansion and mine development are very important for the company's future success.
- Currently, the value of the company depends heavily on copper prices, which can fluctuate considerably.
- We believe that only the Constancia property contributes to the fair value of the company at this time. The other properties are at very early exploration stages.
- NOM's success is dependent on the management and development of its exploration projects.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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