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Investment Analysis for Intelligent Investors

January 29, 2008

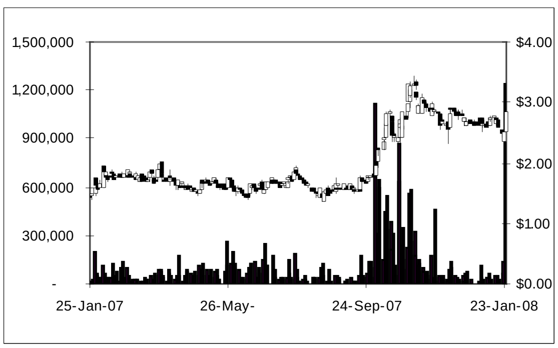
Norsemont Mining Inc. (TSX: NOM) – New Management and Scoping Study, FINAL REPORT

Sector/Industry: Junior Mining **www.norsemont.com**

Market Data (as of January 27, 2008)

Current Price	C$2.85
Fair Value	C$3.60
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C$1.34 – C$3.44
Shares O/S	38,422,878
Market Cap	C$109.51 mm
Current Yield	N/A
P/E	N/A
P/B	8.79
YoY Return	79.3%
YoY TSE	0.1%

*see back of report for rating and risk definitions



Investment Highlights

- NOM is positioned to increase their ownership of the Constancia copper-molybdenum-silver porphyry to 100% through the acquisition of Mitsui's 30% interest.
- The company has completed a scoping study that takes into account three possible operating scenarios at Constancia.
- A third resource estimate, bringing the resource to measured and indicated categories, is expected in Q1-2008.
- The company has hired a project manager and community affairs advisor based in Peru to assist them in advancing Constancia towards production.
- NOM's share prices are up 58.3% since we initiated coverage in November 2006. We believe NOM is a good acquisition target because - (a) it is trading at a 26.3% discount to our fair value estimate of $3.60 per share; (b) it is relatively easier for a larger company to raise the requisite capital costs (about $700 million) for the Constancia project.

Key Financial Data (FYE - June 30) (C $)	**2006 (restated)**	**2007**	**2008 Q1**
Cash	681,944	1,538,324	5,129,107
Working Capital	10,307,694	2,227,168	11,085,286
Mineral Assets	99,392	1,252,269	1,252,269
Total Assets	11,206,748	5,085,126	14,001,201
LT Debt	-	-	-
Net Loss	(9,991,117)	(16,636,560)	(4,525,754)
Loss per Share	(0.45)	(0.62)	(0.13)

Norsemont Mining Inc. (TSX: NOM) is focused on the exploration and development of the Constancia copper-molybdenum-silver property in Peru, South America. The Constancia 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.

PLEASE READ THE IMPORTANT DISCLOSURES AT THE BACK OF THIS REPORT

Company Overview

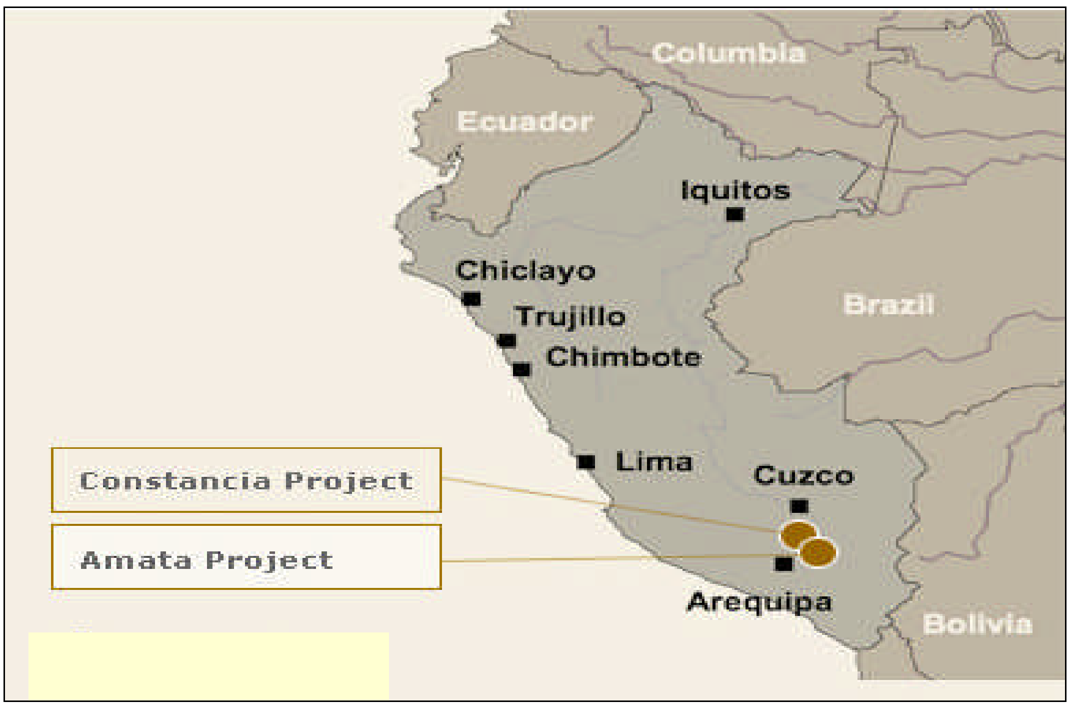
The company has made excellent progress on the Constancia property since our last update, dated May 7, 2007. A new management team coupled with a stream of good news from Constancia, including a positive preliminary assessment report (scoping study), has driven the company's stock price upwards.

New Listing

In August 2007, the company announced that they had been listed on the Lima Stock Exchange (Bolsa de Valores de Lima). The listing was sponsored by Credibolsa, Peru's largest brokerage firm and the trading arm of Banco de Credito, Peru's largest bank. Mining shares make up 66% of the listings on the exchange and had an average return of 266% in 2006.

Properties

NOM holds three properties in South America. Currently, the company is focusing on one of its properties, the Constancia property.



Source: Norsemont Mining, Inc.

Constancia Copper-Moly-Silver Property

Property Overview: The Constancia property is located in an important mining district of Peru with several large operations in the immediate region. Peru hosts some of the largest mines in the world, including Alta Chicama, Tintaya, Yanacocha and Antamina. Many major global mining companies, including BHP-Billiton (NYSE: BHP), Phelps Dodge (NYSE: PD), Xstrata Plc (LSE: XTA), Barrick (TSX: HCX), etc. have operations in Peru.

Accessibility and Infrastructure: The Constancia property is located in the Chumbivilcas Province, Peru, approximately 600km southeast of Lima, the capital of Peru. The property is within 60km of a railroad and it can be approached by either Arequipa (7 hours by road) or Cuzco (6.5 hours by road).

Ownership: Norsemont optioned the Constancia property from Rio Tinto Mining and

Exploration Ltd. (NYSE: RTP) in 2005. According to the agreement between the companies, **Norsemont can acquire 70% interest from** Rio Tinto who has an option to claw back an undivided 17% interest on the property by making a penalty payment equal to 300% of the approved expenditures. Rio Tinto can exercise the option only if the total contained metal is larger than 4 million tonnes (8.8 billion pounds) of copper. Norsemont management believes the company will not be able to achieve 4 million tonnes of copper in the property prior to the expiration of the claw-back period and hence, we believe, the probability that Rio Tinto will exercise the claw back option is low.

The company acquired an initial 51% interest from Rio Tinto on October 30, 2007, by completing payment of US$5,000,000, completing work expenditures of US$7.8 million and issuing 1.25 million common shares of the company.

The company also recently acquired Mitsui's 30% interest in the property, which gives them the option to acquire 100% interest in the property in total. The company acquired Mitsui's interest for US$9.8M, to be paid over the next 20 months with the final payment due by June 30, 2009.

Geology / Mineralization: The mineralized system at the Constancia property is a large mineralized copper-silver-molybdenum-gold porphyry system with associated skarns. Norsemont conducted drilling on the property in 2005, 2006, and 2007, which confirmed the presence of a large copper porphyry system with a shallow zone of secondary enriched sulphide minerals, namely digenite and covellite, hypogene chalcopyrite and copper skarn mineralization.

The Constancia deposit is primarily divided into two zones, the Constancia zone and San Jose zone. These two porphyry intrusive centers are separated by less than 1 km. Magnetite skarn bodies occur along the contacts between the porphyry and sedimentary rocks/limestones that are cut by the porphyry intrusive centers.

Exploration: Currently, Phase III drilling continues at Constancia to determine the dimensions of the copper porphyry system. The company has been drilling aggressively to explore the Constancia and San Jose zones. In 2007, the company had been drilling with six drill rigs. Over 17,000 meters of drilling has been completed to date in 2007. The focus is on infill drilling, to bring the resource estimate up to the measured and indicated categories for a feasibility study.

Metallurgy: In April 2007, Norsemont released the results of laboratory flotation tests on Constancia ore completed by a metallurgical consulting company, C.H. Plenge Laboratories. They tested three types of ore—supergene, hypogene, and skarn, all of which have been identified on the property. This work indicated that the copper ore present as coarse liberated primary and secondary copper sulfides is amenable to standard flotation followed by three stages of copper concentrate cleaning. This produces a high-grade (approx. 29%) copper concentrate. Flotation is a much cheaper metallurgical option for copper processing. This work improved the recovery of Rio Tinto's work by 7-9%, suggesting that overall copper recovery will be 87% to 89%. The supergene ore had the lowest recovery at 87.3%, and the hypogene ore's recovery was the highest at 89.4%. The company also tested for recovery of molybdenum, gold, silver, and iron. Molybdenum recoveries were low, 14% to 53% for the three samples; however molybdenum recovery is typically low for copper porphyry systems and was not optimized during these studies. Currently, work is underway which could improve these estimates.

The company will continue metallurgical work as part of their scoping study to bring metallurgical information to the level of a pre-feasibility study. Further work may continue to improve recovery rates and optimize the engineering and design. This will include testing to optimize molybdenum and zinc recovery. At this time, the company is planning to produce a separate molybdenum concentrate.

Economic Studies: A preliminary economic assessment (scoping study) is designed to determine whether or not the project has the potential to be economically viable. The cost estimates are very rough (+/-30%) and they may take into account inferred resources that would not be incorporated into a pre-feasibility or feasibility study.

This study took into account three possible operating scenarios, outlined below. The study considers two separate open pits in the Constancia and San Jose zones. The report estimates the company could initiate production in late 2011, or early 2012, if construction and engineering proceeded quickly.

	Case 1	**Case 2**	**Case 3**
Operating Rate	30,000 tpd	30,000 tpd expandable to 55,000 tpd	55,000 tpd
Mine Life	20 years		12 years
Capital Cost	US$605.6M	US$617.3M	US$739.7M
Operating Cost	$1.02/tonne Mine $4.07/tonne Processing		$0.96/tonne $3.64/tonne
Stripping Ratio	1.2:1		
NPV at 8% discount	$404 million	$396 million	$530 million
IRR	21.40%	20.90%	25.30%

A sensitivity analysis reveals that although the difference in capex between Case 2 and Case 3 is 20%, the NPV difference is 34%. This suggests that the benefits of Case 3 are attractive but more risky.

Resource Estimate: Norsemont announced an upgraded resource estimate in March 2007 that improved upon their previous resource estimate by 133% in the inferred category, with a small increase in the indicated category as well. Their new resource estimate is compared to their 2006 resource estimate in the table below.

Resource	Tonnage	Cu %	Mo %	Ag (g/t)	Copper pounds	Moly pounds	Silver ounces
2007							
Indicated	70 million	0.53	0.013	4	818 million	20.1 mill	9.0 mill
Inferred	250 million	0.51	0.013	4.5	2.8 billion	71.7 mill	36.2 mill
2006							
Indicated	57.7 million	0.589	0.015	4.1	749 million	19 million	7.6 mill
Inferred	103.9 million	0.537	0.537	3.9	1.23 billion	32 million	13 mill

Timeline: The company has outlined an exploration and development program to bring the project into production by mid-2012. This includes a resource expansion and a feasibility study before proceeding with construction, development, and production. The proposed dates are subject to change due to a number of factors, notably the delay in mining related services that is affecting the entire industry. This could delay the completion of drilling, assay results, and consulting firms for engineering and other services. The table below outlines the company's timeline for development of the property.

Dates	Goal
Q1-2007	Updated Resource Estimate (Completed)
Q2-Q3 2007	Scoping Study (Completed)
Q1-2008	3rd Resource Estimate
2008	Feasibility Study
2010	Construction and Development
2012	Production

Conclusion: We believe Constancia is a promising deposit with further potential to increase the resource. More drilling is needed to better define both the shape and size of the mineralization and to improve grade estimations with infill drilling in the core of the system. **A total of 21,000 meters of infill and step-out drilling was planned for 2007 for an estimated cost of $11 million.** The Constancia property is close to mining infrastructure and mining is active in the surrounding area. Management has indicated that they will be concentrating all their exploration work on the Constancia property through resource expansion and feasibility study work and, eventually, mine development.

New Management

In our note, dated July 10, 2007, we discussed the management overhaul at Norsemont, which has brought in a strong technical/mine building team. The company has continued to build their team through the addition of Mr. Augusto Baertl to the Board of Directors and Mr. Chris Reynolds as Chief Financial Officer. Mr. Reynolds replaces Tony Ricci, the outgoing CFO. The biographies of these new members follow.

Mr. Augusto Baertl - Director

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.

Mr. Chris Reynolds - Chief Financial Officer
Mr. Reynolds previously served as Senior Vice President, CFO and Secretary of SouthernEra Diamonds Inc. He has 19 years of mineral industry and public accounting experience, with SouthernEra, TVX Gold Inc., Inmet Mining Corporation and Price Waterhouse (now PriceWaterhouseCoopers). Mr. Reynolds became a Certified General Accountant in 1994 and received a B.A. (Economics) from McGill University in 1987. Mr. Reynolds is also a director of Arizona Star Resource Corp.

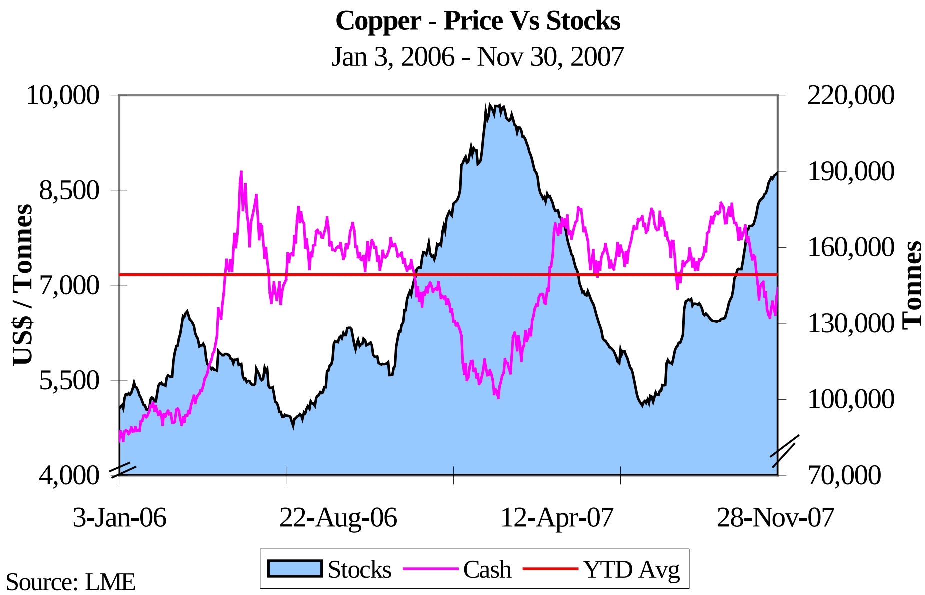
The company has also hired a project manager and vice president of community affairs for the Constancia project in Peru. Mr. Spraggett and Mr. Lamphier are both based in Peru and are experienced in operations in Peru. Their biographies follow.

Mr. Sean Spraggett - Project Manager
Based in Peru, Sean Spraggett has assumed responsibility for the general operations and scoping/feasibility studies on the Constancia Copper Project. Mr. Spraggett was the manager of engineering for Knight Piesold Consulting in Lima, Peru, for the last four years. He has over 18 years of experience in the design and construction of major mining operations, including heap-leach platforms, tailings deposits and mine waste management, water reservoirs and hydraulic structures; as well as general elements required in mining operations. Mr. Spraggett is a specialist in the area of geotechnical engineering and is responsible for specialized analyses of structures required for the mining industry. His experience has been in both the public and private sectors and he has worked in various regions, including North, Central and South America. In Peru, Mr. Spraggett has been involved in a number of major mining projects, including Yanacocha (Newmont), Cerro Corona (Goldfields), Rio Blanco (Minera Majaz), Marcobre (Chariot Resources), Cerro Verde (Phelps Dodge) and La Granja (Rio Tinto). His experience and working knowledge in Peru will bring to Norsemont a strong understanding of the development and operational aspects which will be necessary for advancing the Constancia Copper Project.

Wayne Lamphier - Vice President of Environment and Community Affairs
Mr. Lamphier previously served as the Manager of Community Affairs for Antamina in 2004-05 and has 20 years of technical environmental experience in both the hydrocarbons and mining industries throughout the Andean region. Wayne is a fluent Spanish speaker and long time resident of a small indigenous community in the Peruvian Andes. He graduated with a Master's Degree in Environmental Design – M.Des. (Environmental Sciences) from the University of Calgary in 1991.

Outlook for Copper

As of January 3, 2008, copper was trading at US$3.07/lb, which reflected a YOY increase of 21%.



Source: LME

The recent drop in prices from its highs was due to a rapid increase in inventory levels. As of January 3, 2007, LME stocks were 198,175 tonnes, which reflects an increase of 106% since the beginning of 2006.

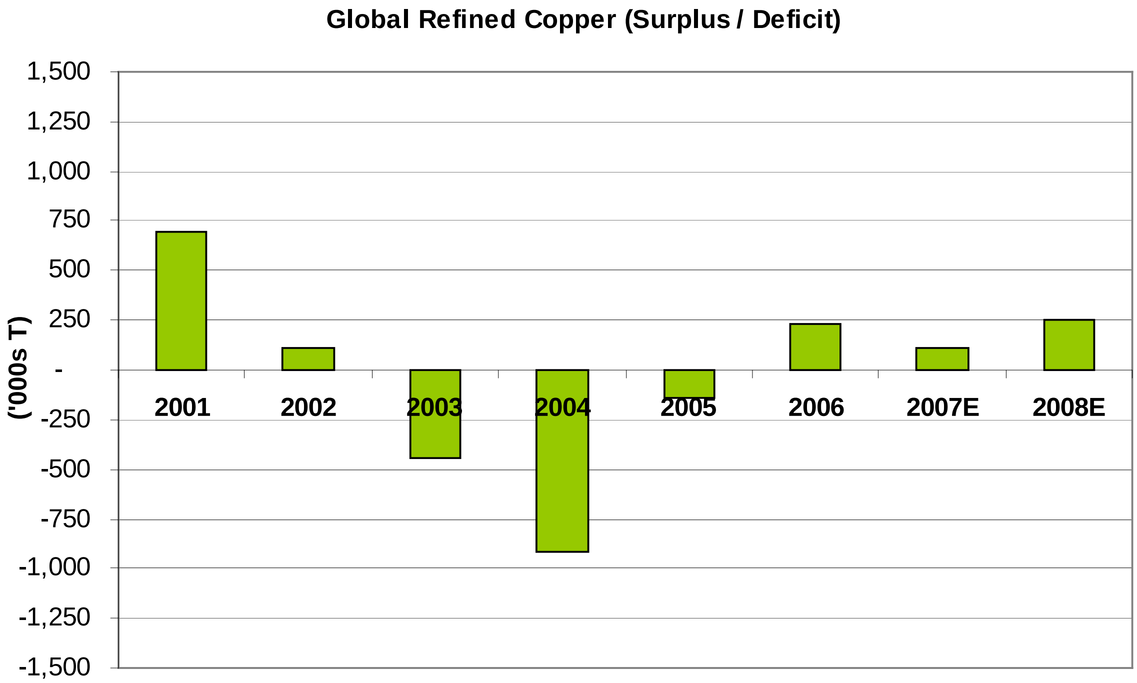
We believe that strong copper demand from China and India (both countries combined, account for about 25% of global copper consumption), slightly offset by lower demand growth in the U.S., led to the drop in the production surplus of refined copper from 0.23 million tonnes to 0.11 million tonnes in 2007. **The global supply surplus, however, is expected to rise by 124% YOY and reach 0.25 million tonnes in 2008.** According to the International Copper Study Group (ICSG), growth in global production is expected to outpace demand growth in 2008. This is in line with International Monetary Fund's (IMF) global GDP growth forecast of 4.8% in 2008, down from 5.4% in 2006. As shown in the table below, global supply is expected to grow by 4.6% YOY (from 18.12 million tonnes to 18.95 million tonnes) in 2008, while demand is expected to grow by only 3.8% YOY (from 18.01 million tonnes to 18.70 million tonnes).

World Refined Copper Production and Consumption ('000T)

	2001	2002	2003	2004	2005	2006	2007E	2008E
Refined Production (S&P)	15,594	15,269	15,224	15,869	16,588	17,353	18,119	18,951
Increase (YOY)	**5.6%**	**-2.1%**	**-0.3%**	**4.2%**	**4.5%**	**4.6%**	**4.4%**	**4.6%**
Refined Usage	14,903	15,157	15,667	16,785	16,731	17,123	18,009	18,701
Increase (YOY)	**-1.5%**	**1.7%**	**3.4%**	**7.1%**	**-0.3%**	**2.3%**	**5.2%**	**3.8%**

Source: ICSG

Based on their revised forecasts, the ICSG is expecting a production surplus of 0.25 million tonnes in 2008 (up from 0.11 million tonnes in 2007).



Source: ICSG

Over the long-term, we continue to expect prices to soften from current price levels based on slower growth in global GDP, and an increase in global production levels. However, we believe that global economic growth rate forecasts are high enough to support above average historic prices for copper.

China is currently experiencing inflation of 6.9% (in November 2007), its highest inflation in 11 years. As a move to counter inflation, the Chinese Central Bank recently raised their interest rates for the sixth time this year. We believe rising interest rates in China will put downward pressure on growth in the Chinese economy. However, we believe, the consensus Chinese GDP growth forecast of 10.5% in 2008 is healthy enough to support global growth in copper demand.

In 2006, China and India, accounted for 25% of global copper consumption, while the U.S. accounted for 13%. Demand in the U.S. is expected to soften due to a slowdown in the U.S. housing industry, which is not expected to improve before the end of 2008. According to the Copper Development Association, 40% of copper's application is in the construction industry. This implies that the U.S. housing industry accounts for less than 5.2% of global consumption. Therefore, we believe, lower demand in the U.S., due to a slowdown in the U.S. housing industry, will only slightly offset global demand growth. Also, the recent rate cuts by the U.S. Federal Reserve to tackle the ongoing credit crunch problems, we believe, might help sustain U.S. economic growth, and demand for copper *(The U.S Federal Reserve recently cut rates by 170 basis points to 3.50% in three meetings, the first cut in over four years.).*

The average forecasts for copper prices are US$3.00/lb in 2008, and US$2.50/lb in 2009, which are significantly higher than the historical average price of copper. Based on an expected increase in the supply surplus moving forward, we have lowered our long-term copper price forecast from US$2/lb to US$1.75/lb.

Financials

Operations: NOM had a net loss of $16.64 million in FY2007, compared to a net loss of $9.99 million in FY2006. In Q1-2008 (ended September 30, 2007), NOM had a net loss of $4.53 million, compared to a loss of $2.79 million during the same period in the previous year.

The company spent $8.72 million on mineral property exploration expenditures in FY2007, compared to $4.94 million in FY2006. In Q1-2008, NOM spent $2.78 million on mineral property exploration expenditures, compared to $1.53 million during the same period in the previous year. As of September 30, 2007, $16.62 million of the company's total accumulated mineral properties exploration expenditures ($17.04 million) were spent on the company's Constancia property in Peru.

We estimate a burn rate of $1.05 million per month during FY2007, compared to $0.48 million during FY2006. Cash and working capital as of September 30, 2007, were $5.13 million and $11.09 million, respectively. We estimate a burn rate of $1.13 million per month for the 3-month period ended September 30, 2007. The table below shows the company's cash position and liquidity ratios.

	2006	**2007**	**2008 Q1**
Cash	681,944	1,538,324	5,129,107
Working Capital	10,307,694	2,227,168	11,085,286
Current Ratio	18.92	2.73	9.33
LT Debt / Assets	-	-	-
Burn Rate	(484,161)	(1,054,244)	(1,134,741)
Cash from financing activities	14,111,123	4,551,918	12,634,164

In addition, the company had $7 million in investments related to Asset Backed Commercial Paper (ABCP) and already recorded a $0.5 million impairment charge on the investments. NOM also indicated in its Consolidated Financial Statements for three months ended September 30, 2007, that no active market presently exists for the ABCP held by the company. Therefore, due to the uncertainties about the recoverability and liquidity in the ABCP market, we think the company's cash position can be adversely affected if the credit market conditions do not improve in the future.

Recent Financings: On November 15, 2007, the company announced the closing of a C$18 million underwritten private placement financing through issuing special warrants at a price of $2.90 per special warrant. Each special warrant is exercisable for one Norsemont unit. Each unit consists of one common share of the company and one-half common share purchase warrant. And each warrant is exercisable for one common share at an exercise price of $3.50 for a period of 24 months following the closing of the offering.

Subsequent Event: The company had entered into a Mining Concessions Transfer

Agreement and Assignment of Contractual Positions with Mitsui Mining and Smelting Company Limited Sucursal Del Peru dated October 29, 2007 to purchase 30% of the Constancia Project from Mitsui Mining for US$9.8 million payable over a 20-month period with the final payment due on or before June 30, 2009. Based on the payment schedule, we estimate NOM will need to pay about $ 2.8 million in FY2008 pursuant to the agreement. The company expects to finance the purchase by the private placement of special warrants and the cash and short-term investments on hand.

Options and Warrants: As of September 30, 2007, there were about 7.24 million stock options outstanding (6.94 million are currently 'in-the-money'). The exercise prices range from $0.19 to $4 with expiry dates from June 2009 to September 2012. As of September 30, 2007, the company also had about 6.08 million warrants outstanding (3.98 million are currently 'in-the-money') with exercise price from $1.95 to $4.75 and expiry dates from January 2008 to September 2009.

Conclusion: Our discussions with management indicate that the company expects to spend approximately $30 million in 2008. If the company is unable to recover its $7 million investment in ABCP, we expect the company will have to raise close to $10 million in the second half of 2008.

Valuation

Our average revised valuation on the company increased from $3.61 per share to $4.24 per share.

Valuation Summary	Revised	Previous
DCF	$3.14	$2.45
Real Options	$6.85	$5.56
Comparables	$2.73	$2.81
Average	**$4.24**	**$3.61**

The valuation went up as our revised DCF and real options increased, offset by a drop in relative valuation.

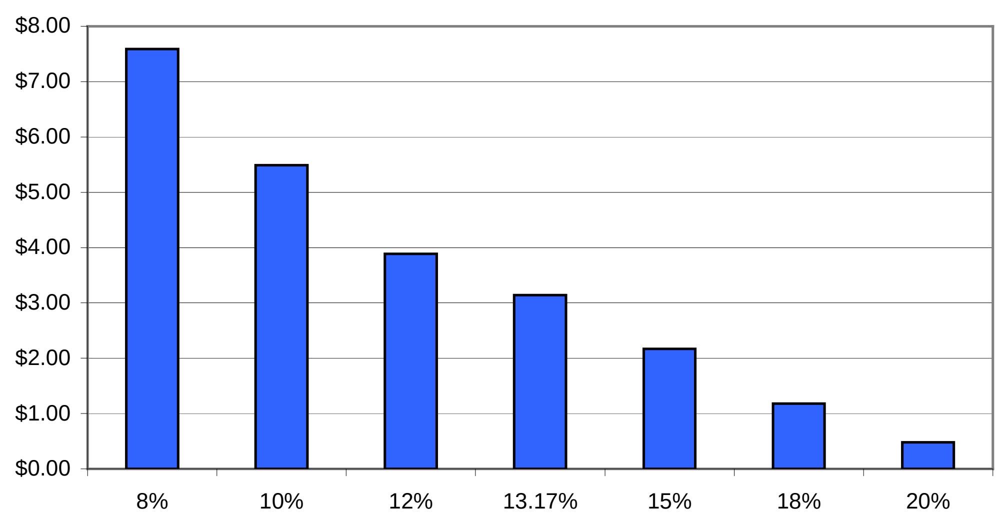
We made the following major changes in our valuation model:

- Our revised models assume that the company will obtain 100% ownership of the Constancia project.
- We have changed our recovery rates, capital cost and operating cost estimates. The revised estimates are in line with the recently completed preliminary assessment by SRK Consulting.
- We have raised our estimate of the number of diluted shares raised from 35.65 million to 42.73 million.
- We have also raised our discount rate from 12% to 13.17%; which is the cost of capital of a similar project in a relatively risk free country of 9.17% (assuming a 60% Debt to Capital) + a country risk premium of 4% = 13.17%

DCF Valuation Summary - Constancia Property	Revised	Previous
Resource (in tonnes)	195,000,000	195,000,000
Wt. average grade (%)	0.52%	0.52%
Contained Metal (in lbs)	2,223,361,912	2,223,361,912
Recovery	89.0%	85%
Production Commencement	mid - 2012	2010
Throughput (tpd)	55,000	40,000
Mine Life (in years)	10	14
Long-Term Copper Price (in US$)	$1.75	$1.50
Average Operating Costs ($/lb)	$0.64	$0.79
Capital Costs (in $mm)	$700	$350
Discount Rate	13.17%	12.00%
Net Present Value	**$109,773,259**	**75,198,381**
	100% ownership	70% ownership
Working Capital	$24,331,063	12,018,219
Debt	-	-
Value of NOM	$134,104,322	$87,216,600
No. of Shares (diluted)	42,733,529	35,648,595
Value per share	**$3.14**	**$2.45**

Our DCF valuation is highly sensitive to discount rates. As shown in the chart below, our valuation would range between $0.48 per share and $7.59 per share as the discount rate varies between 8% and 20%. We have used a very conservative discount rate of 13.17%, and we intend to lower it as the project approaches production.

Sensitivity of FV to Discount Rates



Our revised real options valuation, which went up from $5.56 per share to $6.85, is shown below.

The Constancia property - Real Options Valuation Model			
Inputs relating the underlying asset			
Estd. Mineral Resources (in tonnes)			195,000,000
Estd.Value of Minerals if extracted today			$1,552,214,945
Annualized Standard Deviation of Mineral prices			33%
Capital Investment			$700,000,000
Estd. Mine Life (years)			10
Riskfree Rate			4.26%
Output			
Stock Price	$1,552,214,945	T.Bond rate	4.26%
Strike Price	$700,000,000	Variance	0.11
Expiration (in years)	10	Annualized div yield	9.9%
d1 =	0.74	d2 =	-0.31
N(d1) =	0.77	N(d2) =	0.38
Value of Option	$268,506,405		
Working Capital	$24,331,063		
Debt	-		
Net Value	**292,837,468**		
No of outstanding shares (diluted)	42,733,529		
Value per share	**$6.85**		

As we cannot account for a higher discount rate in our real options valuation model, our real options valuation continues to be much higher than our DCF valuation.

Our relative valuation on the company dropped from $2.81 per share to $2.73 per share, as the average ratio of enterprise value to resources dropped from $0.06/lb to $0.04/lb, offset by an increase in the company's ownership of the project from 70% to 100%.

Comparables Valuation Model

	Company	SYM	Price	Enterprise Value (EV)	Resources - Cu eq. (in billion lbs)	EV / Resources
1	Antares Minerals Inc.	ANM	$3.50	$131,034,096	2.65	$0.049
2	Chariot Resources	CHD	$0.77	$216,340,470	4.38	$0.049
3	Norsemont Mining Inc.	NOM	$2.90	$99,596,172	2.20	$0.045
4	Tyler Resources	TYS	$1.53	$185,265,430	7.80	$0.024
				Average EV / Resources		**$0.042**
				Fair Value		**$2.73**

1. Stock prices and Market Cap are as of January 25, 2008
2. Enterprise Value = Market Capitalization + Debt - Cash
3. Resource Estimates = Measured and Indicated, and half of Inferred resources

Conclusions & Rating

Norsemont has assembled a new, experienced management team and is advancing the Constancia project towards production. The company hopes to be in production in 2012.

NOM's share price has increased by 58.3% since we initiated coverage on the company in November 2006. **Based on our revised valuation models, we reiterate our BUY rating with a Risk 5: Highly Speculative rating. Although our average fair value estimate increased from $3.61 to $4.24, we prefer to take a conservative approach at this time, and have maintained our fair value estimate at $3.60 per share.**

Risks

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

- Like other exploration companies, Norsemont does not have any operating mines and hence 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 prospects.
- 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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