

5380 466



NORSEMAN GOLD PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

SATURDAY



A8BUZ58Z

A56

29/11/2008

163

COMPANIES HOUSE

NORSEMAN GOLD PLC

CONTENTS

	Pages
Directors, Secretary and Advisers	2
Chairman and Chief Executive Officer's Statement	3
Directors' Report	5
Directors' Biographies	13
Independent Auditor's Report	14
Group Income Statement	16
Group Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Group Balance Sheet	19
Company Balance Sheet	20
Group Cash Flow Statement	21
Company Cash Flow Statement	22
Notes to the Financial Statements	23

NORSEMAN GOLD PLC

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Vincent Pental Barry Cahill David Steinepreis Gary Steinepreis Michael de Villiers	Chairman Chief Executive Officer Executive Director Executive Director Non Executive Director
Company Secretary:	John Bottomley	
Company Number:	5380466	
Registered Office:	1 America Square Crosswall London EC3N 2SG	
Principal Office in Australia:	Level 2, 75 Canning Highway Victoria Park Western Australia 6100	
Nominated Adviser and Joint Broker:	Blue Oar Securities plc 30 Old Broad Street London EC2N 1HT	
Joint Broker:	Ocean Equities Ltd 3 Copthall Avenue London EC2R 7BH	
Solicitors:	Watson Farley & Williams LLP 15 Appold Street London EC2Y 2HB	
Group Auditors:	UHY Hacker Young LLP Quadrant House 17 Thomas More Street Thomas More Square London E1W 1YW	
Registrars:	Capita IRG Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU	
Bankers:	Barclays Bank Plc Piccadilly Corporate Banking Centre 50 Pall Mall London SW1A 1QA	

NORSEMAN GOLD PLC

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders

We write to you with the annual report and a statement of affairs as at 30 June 2008.

The 2007/2008 year was the first full year of operations at the Norseman Gold mine since the Company acquired the asset in April 2007. We have made progress across the board, particularly with our focussed on defining a third mine site to increase production and with our dual listing on the Australian Securities Exchange ('ASX') in late 2008.

On the operational side during the year, management completed the re-equipping of the mine, brought capital development back on stream and appointed the additional management required to optimise the return on the assets and to ensure the long term future of the mine. Unfortunately, all of these tasks took longer than anticipated due to a number of factors including regulatory bottlenecks and equipment delivery schedules arising from industry-wide pressures which are currently being witnessed.

As reported in the last annual report, there were several critical areas that needed to be addressed including equipment, regional drilling, plant upgrade, management recruitment and power economies. We are pleased to report we have addressed all of these issues with the exception of power, where due to matters beyond our control, potential savings on power costs may be some time away owing to the state of the Western Australian gas and power markets.

On the production front, the mine produced 77,229 ounces in the year which was within our restated guidelines of between 75,000 and 80,000 ounces. The Group is working towards a third source of ore to generate sufficient cash flow to enable the Company to accelerate programmes such as regional exploration and further development. As we near the end of 2008, the third mine sourced ore is now within reach. The results of the drilling programmes completed to date have identified resources that we hope to bring on line in early 2009, subject to regulatory approval being received on schedule. This third ore source is expected to add approximately 2,000 ounces per month with very little incremental cost, as the onsite mill is already equipped to accept these additional tonnages. Therefore, this stands to substantially lower our cost per ounce produced.

Additionally, on a project development front, the Group has begun to assess the potential of the iron ore deposits on the Group's tenements. These deposits may have significant commercial value in the current market and we have the added advantage of being proximate to suitable infrastructure including rail and port facilities, which enhances our ability to deliver the iron ore to buyers.

In the period subsequent to the 30 June 2008 reporting year, the Norseman project has been affected by continuing high costs and, to ensure we maximise the value of the assets, the Board has recently commenced a strategic review of all facets of the Group's operations, of which the results are already impacting performance on site. A number of restructuring initiatives are being implemented on site aimed at improving the project's economics and maximising efficiency and cash flow. These initiatives include:

- Managing the operation based on the revised target of 6,500 ounces per month based on operations of approximately 450,000 tonnes per annum
- Further emphasis on mechanising the mine to reduce costs and improve productivity
- Restructuring milling campaign and work rosters to match the ore production profile and to fully utilise available equipment
- Reducing overheads by combining functions
- Rationalise manpower to reflect the new structure
- Disposal of under-utilised surplus equipment following the new fleet commissioning

Overall, it is important to note that despite these reductions to personnel and equipment, production is expected to be maintained at or above average historical levels. The review has already seen a reduction in total company manpower by circa 20 personnel, which has reduced labour costs as well as reducing the monthly power consumption and consequently, diesel fuel costs. These changes will deliver savings in excess of AUD\$500,000 per month with the disposal of equipment to net circa AUD\$400,000.

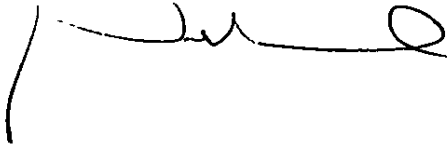
To further supplement the continuation of the Group's capital programmes and ahead of the Company's proposed ASX dual listing we have, through our principal operating subsidiary, Central Norseman Gold Corporation Limited ('CNGC'), entered into loan facility agreements with two companies associated with three Norseman directors (Barry Cahill, David Steinepreis and Gary Steinepreis), whereby AUD\$1,500,000 has been made available to CNGC. The loan facility agreement is repayable on the earlier of 10 April 2009, the ASX admission date or the date upon which the Company undertakes a separate fundraising. The Board is in the final stages of preparation of a prospectus suitable for the dual listing of the Company on the ASX later this year.

NORSEMAN GOLD PLC

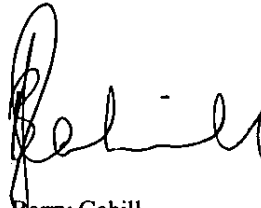
CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

The Board believes we are making progress in a tight market and the proposed ASX dual listing combined with a small fundraising to ensure shareholder spread will give the Group a sounder footing in a time of unstable economical conditions when some of our peers have been curtailed.

Subject to a satisfactory, stable production level being achieved, the Board believes that the true value of the effort and capital committed will be realised in the coming year. On behalf of the Board and Shareholders we extend our thanks to our workforce for their continuing efforts in the face of adversity in one form or another and we look forward to the future.



Vincent Pandal
Chairman
28 October 2008



Barry Cahill
Chief Executive Officer

NORSEMAN GOLD PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

The Directors present the Annual Report, together with the audited financial statements of Norseman Gold plc and its subsidiary undertakings ("the Group" or "the Company" or "Norseman") for the year ended 30 June 2008.

The Company is registered in England under the Companies Acts with registered number 5380466 as a public company limited by shares.

The Company has been quoted on the Alternative Investment Market ("AIM") of the London Stock Exchange throughout the year.

Principal activity, business review and development

The Group's principal activity is the operation of Central Norseman Gold Corporation Ltd ("CNGC" or "the Norseman Project"). CNGC operates Australia's longest continuously running gold mining operation, having produced over 5.5 million ounces of gold over a period of more than 65 years from its Norseman field located 725km east of Perth, Western Australia. CNGC is currently producing gold from two high-grade underground gold mines and lower grade open pit stockpiles and the Directors believe that it has a very good portfolio of advanced exploration opportunities to support future production.

Further information on the Group's operations and prospects are set out in the Chairman and Chief Executive Officer's Statement.

Group structure and changes in share capital

Details of movements in share capital and changes to the Group's structure during the period are set out in Notes 21 and 13 respectively.

Key performance indicators

During the year, management completed the re-equipping of the mine, brought capital development back on stream to ensure the long term future of the mine, and engaged the additional management needed to optimise the return on the assets employed.

On the production front the mine produced 77,229 ounces which was within our restated guidelines but below our vision of what is required to generate sufficient cash flow to enable the Group to accelerate programs such as regional exploration and further development. The production was achieved with total mined tonnes of 332,086 and milled tonnes of 415,209 at 6.02 g/t, with a recovery percentage of 96.03%. The net direct cash cost from operations for the year was AUD\$800 per ounce. It should be noted that the June net direct cash cost was AUD\$623 per ounce on 8,190 ounces of production for the month.

The Group was cashflow positive from operating activities and the capital investment in exploration, mine properties and plant & equipment was over AUD\$10,000,000. A repayment of AUD\$5,000,000 was made on its convertible note facility. As a result of the development activities, the overall cash position decreased by AUD\$10,239,387.

Going concern

On 21 October 2008 the Company made an announcement regarding increasing costs for Central Norseman Gold Corporation Limited ("CNGC") and lower than expected production in the months of August and September 2008 have affected operational profitability. There was a cashflow deficit from operations for August however the required capital and development programmes have continued which has affected available cash. This trend has not continued and operations have returned to positive performance.

A review and restructure of the operation is currently being implemented and is anticipated to provide cost savings on the basis that gold production is maintained at or above average historical levels.

A Loan Facility of AUD\$1,500,000 has been provided to CNGC by director related entities to supplement the Company's funding and to allow it to continue on with its capital programs in advance of the Company's proposed dual listing on the Australian Securities Exchange ("ASX").

The directors are proceeding with the proposed dual listing on the ASX and further capital raising to support the operations. The Directors are confident that a raising between AUD\$5 million and AUD\$10 million will be successful. However, should it be unsuccessful the directors will need to seek alternative sources of funding or amend the current business plan.

NORSEMAN GOLD PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

Going concern (continued)

In the absence of acquiring financing through capital raising or alternative sources, there is some uncertainty about the ability of the group to continue as a going concern. However, the directors believe the above measures will be sufficient to ensure going concern status of the Group, and have prepared the financial statements on a going concern basis.

Principal risks and uncertainties facing the Company

Subject to the above statements, the Directors intend to maximise the value of the Norseman Project by the implementation of its current operational plan which is intended to:

- Increase production levels and extend the mine life through exploration drilling and capital development.
- Reduce cash operating costs per ounce from further operational efficiencies with a view to ensuring mine production is profitable on a sustainable basis.
- The review and restructure of the operation currently being implemented includes the following measures:
 - Focus on mining method, particularly greater use of mechanisation, to improve productivity and reduce costs;
 - Restructure milling campaign rosters to more closely match the ore production profile;
 - Restructure work rosters to more fully utilise available equipment;
 - Reduce mine and corporate overheads by combining functions where possible;
 - Rationalise maintenance manpower to reflect the new structure; and
 - Dispose of under-utilised surplus equipment following the commissioning of the new fleet.

The Norseman Project is not without risks:

- The estimating of mineral reserves and resources is a subjective process and the accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions used and judgments made in interpreting engineering and geological information. There is significant uncertainty in any reserve or resource estimate and the actual deposits encountered and the economic viability of mining a deposit may differ materially from the Company's estimates. The exploration of mineral rights is speculative in nature and is frequently unsuccessful.
- Underground development is required at the Norseman Project and drilling to allow effective resource estimation and mine planning is a continuing process. The complexity of the deposit and mineralisation style creates variances in the estimation of the resource model against actual mill production. This can result in significant variances in the amount of contained gold produced against estimates. Further, whilst open pit resources have been consistently estimated, historically significant variance is noted between the mine plan and production, reflecting the complexity of the deposit and the shortcomings of the estimation approach to adequately deal with the complex mineralisation style.
- Production estimates are dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining and processing.
- The ability to sustain or increase its present levels of production is dependent upon the successful development of new producing mines and/or identification of additional reserves at existing mining operations. Whilst the Directors consider the Norseman Project to have very good potential for the discovery of additional resources, there is no guarantee of a discovery or that any discovery will be commercially feasible. If the Norseman Project is unable to develop new ore bodies or identify additional reserves in its existing mines, it will not be able to sustain present production levels. Reduced production could have a material adverse effect on future cash flows, results of operations and financial condition.
- Estimated mineral reserves or mineral resources may have to be recalculated based on changes in metals prices, further exploration or development activity or actual production experience. This could have a material adverse effect on estimates of the volume or grade of mineralisation, estimated recovery rates or other important factors that influence reserve or resource estimates.
- Market price fluctuations for gold, increased production costs or reduced recovery rates, or other factors may render the present proven and probable mineral reserves uneconomical or unprofitable to develop at a particular site or sites.

NORSEMAN GOLD PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

Current ore reserves

The Norseman Project Proved and Probable Ore Reserves at 30 June 2008 were 1.2 million tonnes at 8.2 g/t gold for 308,400 ounces (30 June 2007: 1.3 million tonnes at 8.03 g/t gold for 333,452 ounces).

The current Measured, Indicated and Inferred Resource for Norseman is estimated to be 15.6 million tonnes @ 4.0 g/t gold for 1,990,000 ounces (30 June 2007: 14.9 million tonnes @ 4.0 g/t gold for 1,901,200 ounces). The total resource indicates a significant resource base to allow conversion of Mineral resources to Ore reserves in the future following mine development and exploration drilling.

NORSEMAN GOLD PLC									
JORC ORE RESERVE STATEMENT AT 30 JUNE 2008									
(calculated at 31 March 2008)									
Project / Deposit	Total			Open Pit			Underground		
	Tonnes	Grade g/t	Ounces	Tonnes	Grade g/t	Ounces	Tonnes	Grade g/t	Ounces
Proven Reserve	31,000	4.4	4,400	19,000	1.0	640	12,000	9.8	3,800
Probable Reserve	1,140,000	8.3	304,000	320,000	3.3	34,000	820,000	10.2	270,000
Total Reserve	1,171,000	8.2	308,400	339,000	3.2	34,640	832,000	10.2	273,800
Measured Resource	5,240,000	0.8	136,000	5,100,000	0.7	110,000	140,000	5.8	26,000
Indicated Resource	5,300,000	6.7	1,150,000	3,100,000	2.4	240,000	2,200,000	12.9	910,000
Inferred Resource	5,100,000	4.3	710,000	3,300,000	2.5	270,000	1,800,000	7.6	440,000
Total Resources	15,640,000	4.0	1,990,000	11,500,000	1.7	620,000	4,140,000	10.3	1,376,000

The JORC Ore Reserve is based on information compiled by Mr Russell M^cBeath BEng (Mining), who is a Member of the Australasian Institute of Mining and Metallurgy, and the principal mining engineer of the Company. Mr M^cBeath, has over 18 years of mining and evaluation experience in a variety of mineral deposit styles and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr M^cBeath, consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

Tenements

The Norseman Project landholding of 745 km² comprises 179 contiguous tenements consisting of 13 Exploration Licences, 106 Mining Licences, 45 Prospecting Licences, 15 Miscellaneous Licences and 29 Mining Lease Applications.

Results and dividends

The Group results for the year are set out in the Financial Statements. The Directors do not propose to recommend any dividends for the reporting year ended 30 June 2008.

The Group made a loss of AUD\$7,197,140 for the year ended 30 June 2008 (2007: AUD\$41,154,202). Included in the Group loss is an exceptional charge of AUD\$1,537,318 being the cost of share-based payments.

Use of financial instruments

Norseman's financial risk management objectives are to minimise debt, to fund exploration activity through equity financing and to ensure sufficient working capital for the Group's overhead and capital expenditure commitments. This is achieved by prudent financial management and careful management of the Group's cash balances, both short and long term. The Group does not use derivative financial instruments. The financial risk management objectives and policies of the Group set out in Note 24 of the Financial Statements include the Group's exposure to price, liquidity and credit risk.

NORSEMAN GOLD PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

Environment, Health, Safety & Social Responsibility Policy Statement

Norseman Gold plc operates a Management System that embodies Environmental, Health, Safety ("EHS") and Social Responsibility ("SR") principles. This Management System defines Objectives to be met by Norseman Gold plc, its subsidiaries, affiliates, associates and operated joint ventures (hereinafter collectively referred to as Norseman) in the management of EHS and SR.

The Policy of the Board of Norseman is to be fully accountable for the necessary practices, procedures and means being in place so as to ensure that each EHS & SR objective is demonstrated in full and that continuous improvement practices are operating to ensure that the required practices, procedures and means are being monitored, refined and optimised as necessary. The Board will accordingly review and report regularly to external stakeholders as to the achievement of the objectives of this Policy.

In accordance with this Policy, the Executive Directors of Norseman are directly and collectively responsible to the Board for demonstrating that the EHS & SR Objectives are attained throughout Norseman. The Executive Directors have adopted Management System Guidelines as guidance for demonstrating this.

The objectives of the Environment, Health, Safety & Social Responsibility Policy are:

Norseman shall manage all operations in a manner that protects the environment and the health and safety of employees, third parties and the community.

The Executive Directors provide the vision, establish the framework, set the objectives and provide the resources for responsible management of Norseman's operations.

- Leadership and visible commitment to continuous improvement are critical elements of successful operations.
- A process that measures performance relative to Policy Aims & Objectives is essential to improving performance. Sharing best practices and learning from each other promotes improvement.
- Effective business controls ensure the prevention, control and mitigation of threats and hazards to business stewardship.
- Risk identification, assessment and prioritisation can reduce risk and mitigate hazards to employees, third parties, the community and the environment. Management of risk is a continuous process.
- Safe, environmentally sound operations rely on well-trained, motivated people. Careful selection, placement, training, development and assessment of employees, and clear communication and understanding of responsibilities are critical to achieving operating excellence.
- The use of internationally recognised standards, procedures and specifications for design, construction, commissioning, modifications and decommissioning activities is essential for achieving operating excellence.
- Operations within recognised and prudent parameters are essential to achieving clear operating excellence. This requires operating, inspection and maintenance procedures, and information on the processes, facilities and materials handled, together with systems to ensure that such procedures have been properly communicated and understood.
- Adhering to established safe work practices, evaluating and managing change, and providing up-to-date procedures to manage safety and health risks contribute to a safe workplace for employees and third parties.
- The minimisation of environmental risks and liabilities are integral parts of our operations.
- Third parties who provide materials and services (personnel and equipment) or operate facilities on Norseman's behalf have an impact on EHS & SR excellence. It is essential that third-party services are provided in a manner consistent with Norseman's EHS & SR Policy & Management System Guidelines.
- Compliance with regulatory requirements and company guidelines must be periodically measured and verified as part of the continuous improvement process.
- Preparedness and planning for emergencies are essential to ensuring that all necessary actions are taken if an incident occurs, to protect employees, third parties, the public, the environment, the assets and brand of Norseman.
- Effective reporting, incident investigation, communication and lessons learned are essential to attaining and improving performance.
- Open and honest communication with the communities, authorities and stakeholders with which Norseman operates builds confidence and trust in the integrity of Norseman.

NORSEMAN GOLD PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

Environment, Health, Safety & Social Responsibility Policy Statement (continued)

The Group has and continues to maintain the EHS & SR policy aims so as to reduce the potential for any breach.

There have been no convictions in relation to breaches of any applicable Acts recorded against the Group during the reporting period.

Information to shareholders – website

The Group maintains its own website (www.norsemangoldplc.com) to facilitate provision of information to external stakeholders and potential investors and to meet AIM guidance.

Directors

The following Directors held office during the period:

Vince Pental (Chairman)
Barry Cahill
David Steinepreis
Michael de Villiers
Gary Steinepreis

Appointed 3 December 2007

Director's Interests

The beneficial and non-beneficial interests in the Company's shares of the current Directors and their families, were as follows:

	30 June 2008				30 June 2007 *		
	Ordinary shares of 1.25p each	Management shares (Unissued)	Share options	Notes	Ordinary shares of 0.25p each	Management shares (Unissued)	Share options
Vincent Pental	800,000	1,000,000	-	1	3,500,000	5,000,000	-
David Steinepreis	1,870,000	1,950,000	330,000	2	7,100,004	9,750,000	1,650,000
Barry Cahill	100,000	1,870,000	2,100,000	3	-	7,500,000	7,500,000
Michael de Villiers	520,000	-	-	4	2,500,000	-	-
Gary Steinepreis	1,700,000	1,000,000	330,000	5	-	-	-

* all securities were subject to a 1:5 consolidation of capital during the year.

Notes:

1. The Shareholding of Mr Pental is held by Ardlussa Pty Ltd as trustee for V.V. Pental Super Fund. The management shares representing 1,000,000 Ordinary Shares will be issued to interests associated with Mr Pental on the second anniversary of Re-Admission being 24 April 2009 (or earlier in certain circumstances).
2. The Shareholding and Option holding of Mr David Steinepreis includes Ordinary Shares held directly (1,050,000 Ordinary Shares), Ordinary Shares and Options held by Ascent Capital Holdings Pty Ltd (620,000 Ordinary Shares and 330,000 Options) and Ordinary Shares held by his wife Linda Steinepreis (200,000 Ordinary Shares). The management shares representing 1,950,000 Ordinary Shares will be issued to interests associated with David Steinepreis on the second anniversary of the Company's Re-Admission to AIM ("Re-Admission") being 24 April 2009 (or earlier in certain circumstances).
3. The Shareholding of Mr Cahill is held by Wildpark Nominees Pty Ltd as trustee for the Marianna Partners Superannuation Fund. The Option holding of Mr Cahill held through Infinity Resources Pty Ltd. The management shares representing 1,870,000 Ordinary Shares will be issued to interests associated with Barry Cahill on the second anniversary of Re-Admission being 24 April 2009 (or earlier in certain circumstances).
4. The Shareholding of Mr de Villiers is held via Luckyvilla Holdings Ltd of which Mr de Villiers is both a director and a shareholder.
5. The Shareholding and Option holding of Mr Gary Steinepreis includes Ordinary Shares and Options held by Ascent Capital Holdings Pty Ltd (620,000 Ordinary Shares and 330,000 Options), LeisureWest Consulting Pty Ltd as trustee for the LeisureWest Trust (400,000 Ordinary Shares), Oakhurst Enterprises Pty Ltd (280,000 Ordinary Shares) and Ordinary Shares held by his wife Jacqueline Steinepreis (400,000 Ordinary Shares). The management shares representing 1,000,000 Ordinary Shares will be issued to LeisureWest Consulting Pty Ltd as trustee for the LeisureWest Trust on the second anniversary of Re-Admission.

NORSEMAN GOLD PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

Directors' service contracts

Vincent Pental

On 28 March 2007, the Company entered into an agreement for services with Ardlussa Pty Ltd which provides the services of Vincent Pental as Chairman, for a fee of £40,000 (or AUD\$100,000) per annum. Under the terms of the agreement, Mr Pental entered into a separate agreement with the Company dated 28 March 2007, whereby he was appointed as a Non-Executive Director and Chairman of the Company. The agreements contain certain restrictions relating to confidentiality but do not contain restrictions relating to post-termination restrictive covenants.

Barry Cahill

On 28 March 2007, the Company entered into an agreement for services with Infinity Resources Pty Ltd (the "Consultancy Agreement") under which Barry Cahill is engaged to perform services on behalf of the Company and Norseman Gold Pty Ltd. Under the Consultancy Agreement, the contract payment attributable for the services of Mr Cahill provided by Infinity Resources Pty Ltd is AUD\$380,000 per annum and a bonus payment may be payable to Infinity under the Consultancy Agreement, subject to satisfaction of certain performance conditions set by Norseman Gold plc. The appointment of Barry Cahill under the Consultancy Agreement is for a fixed term of three years, terminable on three months' notice given at any time after the first anniversary of the commencement date of the Consultancy Agreement and also summarily in certain circumstances.

Mr Cahill has, pursuant to the terms of the Consultancy Agreement, entered into a directorship agreement with the Company (the "Cahill Directorship Agreement"). A director's fee of £12,000 per annum is payable to Mr Cahill under the Cahill Directorship Agreement. Pursuant to the Consultancy Agreement and the Cahill Directorship Agreement, Mr Cahill is engaged as an executive director of the Company and is appointed to act as Norseman Gold plc's Chief Operating Officer. Mr Cahill shall also, upon the Company's request, act as the Company's Chief Executive Officer. In the event of termination of the Consultancy Agreement, the Cahill Directorship Agreement terminates also. The Consultancy Agreement and the Cahill Directorship Agreement both contain certain restrictions relating to confidentiality but do not contain post-termination restrictive covenants.

David Steinepreis

Mr Steinepreis provides director services to the Company either directly or through a consultancy agreement between the Company and an associated company of that Director. Mr Steinepreis' remuneration payable is £48,000 per annum. Mr Steinepreis' agreement is terminable on three months' notice, given at any time after the first anniversary of the date of its commencement, with no termination benefits payable. In addition, pursuant to a letter of engagement dated 28 March 2007, Ascent Capital provides additional services of David Steinepreis and Gary Steinepreis, when required by the Board, at a daily rate of AUD\$2,000, exclusive of Goods and Services Tax ("GST").

Michael de Villiers

Mr de Villiers provides director services to the Company either directly or through a consultancy agreement between the Company and an associated company of that Director. Mr de Villiers' remuneration payable is £24,000 per annum. Mr de Villiers' agreement is terminable on three months' notice, with no termination benefits payable.

Gary Steinepreis

Mr Steinepreis provides director services to the Company either directly or through a consultancy agreement between the Company and an associated company of that Director. Mr Steinepreis' remuneration payable is AUD\$120,000 per annum. Mr Steinepreis' agreement is terminable on three months' notice, given at any time after the first anniversary of the date of its commencement, with no termination benefits payable. In addition, pursuant to a letter of engagement dated 28 March 2007, Ascent Capital provides additional services of David Steinepreis and Gary Steinepreis, when required by the Board, at a daily rate of AUD\$2,000, exclusive of Goods and Services Tax ("GST").

Pensions

The Group contributes to money purchase pension schemes on behalf of certain employees.

NORSEMAN GOLD PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

Directors' remuneration

The remuneration paid to the Directors, in accordance with the service contracts which include payments made to entities associated with the Directors, during the year ended 30 June 2008, was as follows:

	<i>Note</i>	<i>Fees/Salaries</i>	<i>Share based payments</i>	<i>2008 Total</i>	<i>2007 Total</i>
		<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>
Vincent Pandal	1	100,000	108,521	208,521	116,042
David Steinepreis	2	132,962	200,763	333,725	574,735
Barry Cahill	3	397,386	271,821	669,207	257,263
Michael de Villiers	4	53,619	-	53,619	28,581
Gary Steinepreis	5	114,476	108,521	222,997	-
Scott Spencer	6	-	-	-	9,527
		<u>798,443</u>	<u>689,626</u>	<u>1,488,069</u>	<u>986,148</u>

Notes:

1. Mr Pandal's services are provided by Ardlussa Pty Ltd.
2. Mr D Steinepreis is paid a salary and additional services are provided by Ascent Capital Holdings Pty Ltd (Ascent Capital). Ascent Capital provides the services of David Steinepreis and Gary Steinepreis, when required by the Board.
3. Mr Cahill's services are provided through Infinity Resources Pty Ltd.
4. Mr de Villiers' services are provided through Independent Executive Consultants Ltd.
5. Mr G Steinepreis' services are provided by Ascent Capital.
6. Mr Spencer's services were provided by Aubrey Consulting Pty Ltd.

Substantial shareholders

The Company has been notified, in accordance with Chapter 5 of the FSA's Disclosure and Transparency Rules, of the under noted interests in its ordinary shares as at 28 October 2008 of 3% shareholders and above:

	<i>Number of Ordinary Shares</i>	<i>%</i>
JP Morgan Asset Management (UK) Limited	7,814,040	9.78%
Majedie Asset Management Limited	4,000,000	5.02%
Globersel BCM Multi Asset Class	4,125,000	5.17%
UBS Global Asset Management	5,000,000	6.27%

Political and charitable contributions

The Group does not make political contributions. It has a policy of making social investments in its areas of operations where the investment is directly or indirectly related to its impact on or engagement with communities. Charitable donations would not normally be a large component of such investment.

Suppliers payment policy

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

Post balance sheet events

On 4 July 2008, the Company announced the issue of 100,000 options to subscribe for Ordinary Shares exercisable from the first anniversary of the date of grant at a price of 50 pence per Ordinary Share to an employee of Central Norseman Gold Corporation Ltd. This issue of options brings the total options issued to employees to 1,350,000 exercisable at various dates from 30 August 2008 at a price of 50 pence per Ordinary Share.

NORSEMAN GOLD PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

On 21 October 2008, the Company and CNGC entered into loan facility agreements with Wildpark Nominees Pty Ltd and Ascent Capital Holdings Pty Ltd, companies associated with three directors of the Company, being Barry Cahill, David Steinepreis and Gary Steinepreis, whereby these companies (the "Lenders") will make available a \$1,500,000 loan facility to CNGC (the "Loan Facility"). The Loan Facility has been entered into to supplement the Company's funding and to allow it to continue on with its capital programs in advance of the Company's proposed dual listing on the Australian Securities Exchange ("ASX"), which is taking longer than anticipated pending completion of associated documentation.

Issue of share options

The details of the share options outstanding at 30 June 2008 and the movements in share options during the period are set out in Note 23 to the financial statements.

Statement of responsibilities of those charged with governance

The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards as adopted by the European Union. Company Law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- d) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the Group and hence for taking steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Statement of disclosure to the auditors

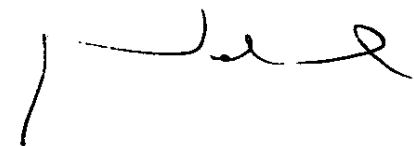
So far as the Directors are aware:

- a) there is no relevant audit information of which the Company's auditors are unaware; and
- b) all the Directors have taken steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

UHY Hacker Young LLP were appointed auditors to the Company. In accordance with Section 385 of the Companies Act 1985 a resolution proposing that UHY Hacker Young LLP be reappointed as auditors of the Company and that the Directors be authorised to determine their remuneration will be put to the next Annual General Meeting.

By order of the board



Vincent Pental

Chairman

28 October 2008

NORSEMAN GOLD PLC

DIRECTORS' BIOGRAPHIES

Vincent Pental, Chairman, aged 62

Vincent Pental has extensive experience in banking and corporate finance in both the industrial and mining sectors in Australia. He is currently the chairman of Brandrill Ltd, a company listed on the ASX, and a director and a major shareholder of Oakvale Capital Ltd, a company registered in Australia, which provides independent advice on financial risk management to a range of leading companies, government authorities and institutions throughout Australia. During the past five years he also served as Chairman of Austral Coal Limited and Perilya Limited, companies listed on the ASX. He is a foundation/life member of the Kalgoorlie Mining Hall of Fame.

Barry Cahill, Chief Executive Officer, aged 43

Barry Cahill is a mining engineer with over 20 years' experience in operational mining and management throughout Australia. He has had extensive experience in the management of underground and open-pit mines as both a mining contractor and an operator, including the Leinster nickel mine and the Broken Hill base metal mine. His area of expertise has an emphasis on the recovery of poorly performing operations to a profitable standard particularly in narrow vein underground mines. Barry Cahill has been an executive director of a number of public companies including managing director of Australian Mines Limited, a company listed on the ASX. He is a member of the Australasian Institute of Mining & Metallurgy and a member of the Australian Institute of Company Directors.

David Steinepreis, Executive Director, aged 51

David Steinepreis is a Chartered Accountant and former partner of KMG Hungerfords (now KPMG) where he specialised in strategic corporate advice and taxation for listed companies. He entered commerce as a director, adviser and major shareholder of a number of listed companies in the gold, diamonds, oil and new mining technology sectors. He is a director of Black Fire Energy Ltd, Croesus Mining NL and Southern Pacific Petroleum NL all of which are listed on the ASX; North River Resources plc which is listed on AIM and Leopard Minerals plc. He has previously been a director of Ascent Resources plc and Uranium Resources plc, companies listed on AIM. He is also chairman of Ascent Capital.

Michael de Villiers, Non-Executive Director, aged 44

Michael de Villiers qualified as a Public Accountant with Ernst & Young in Cape Town. He is the finance director of Mercator Gold plc, listed on AIM. He gained his experience as financial manager at mining and chemicals operations in Namibia, Botswana, Ghana and Bulgaria. He was previously the finance director of Oxus Gold plc and Navan Mining plc, companies listed on AIM. He is currently a director of Ariana Resources plc, Mercator Gold Plc and Island Gold plc.

Gary Steinepreis, Executive Director, aged 43

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries. He is a director of Signature Metals Limited, RMG Limited, Avalon Minerals Ltd, Black Fire Energy Ltd, Croesus Mining NL, Southern Pacific Petroleum NL and WAG Ltd all of which are listed on the ASX. He is also managing director of Ascent Capital.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NORSEMAN GOLD PLC

We have audited the Group and Parent Company financial statements (the "financial statements") of Norseman Gold plc for the year ended 30 June 2008 which comprise the Group income statement, the Group and Parent Company statements of changes in equity, the Group and Parent Company balance sheets, the Group and Parent Company cash flow statements and the related notes. These financial statements have been prepared in accordance with the basis and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union are set out in the statement of responsibilities of those charged with governance.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' report is consistent with the financial statements. In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions with the Company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman and Chief Executive Officer's Statement and Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NORSEMAN GOLD PLC**

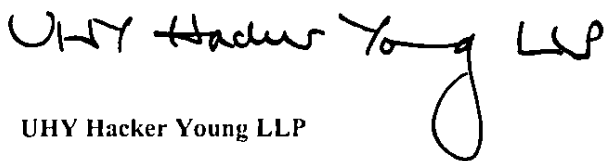
Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 June 2008 and of the Group's loss for the period then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 30 June 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a loss of AUD\$7,197,140 during the year ended 30 June 2008 and incurred higher than expected costs and lower than expected production in the quarter ended 30 September 2008. These conditions, along with other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.



UHY Hacker Young LLP

Chartered Accountants
Registered Auditors

Quadrant House
17 Thomas More Street
Thomas More Square
London E1W 1YW

28 October 2008

NORSEMAN GOLD PLC

GROUP INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Year ended 30 June 2008 AUD\$	Year ended 30 June 2007 AUD\$
Continuing operations			
Group revenue	3	71,177,004	11,599,020
Cost of sales		(63,653,302)	(10,299,371)
Gross profit		7,523,702	1,299,649
Administrative expenses before impairment of goodwill, depreciation and amortisation and charge for share-based payments			
		(3,401,426)	(1,783,801)
Impairment of Goodwill on acquisition		-	(37,638,755)
Depreciation and Amortisation		(8,760,903)	(1,527,732)
Share-based payments	23	(1,537,318)	(1,265,595)
Total administrative expenses		(13,699,647)	(42,215,883)
Group operating loss	3	(6,175,945)	(40,916,234)
Interest receivable		747,631	117,937
Interest payable	4	(1,768,826)	(355,905)
Loss before taxation		(7,197,140)	(41,154,202)
Taxation	5	-	-
Loss for the period		(7,197,140)	(41,154,202)
Attributable to: Equity holders of the Company		(7,197,140)	(41,154,202)
Loss per share (cents)	6		
Basic		(9.0)	(158.9)
Diluted		(9.0)	(158.9)

The results shown above relate entirely to continuing operations.

NORSEMAN GOLD PLC

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Foreign Currency Reserve AUD\$</i>	<i>Equity Reserve AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
Year ended 30 June 2007						
Balance at 1 July 2006	2	-	-	-	-	2
Share issues	2,416,882	67,108,275	-	-	-	69,525,157
Foreign currency	-	-	106,076	-	-	106,076
Equity reserve	-	-	-	1,815,149	-	1,815,149
Net loss for 2007	-	-	-	-	(41,154,202)	(41,154,202)
Balance at 30 June 2007	<u>2,416,884</u>	<u>67,108,275</u>	<u>106,076</u>	<u>1,815,149</u>	<u>(41,154,202)</u>	<u>30,292,182</u>
Year ended 30 June 2008						
Balance at 1 July 2007	2,416,884	67,108,275	106,076	1,815,149	(41,154,202)	30,292,182
Foreign currency	-	-	347,943	-	-	347,943
Share issues	20,271	413,443	-	-	-	433,714
Conversion of Management equity in Capital	9,808	326,638	-	(336,446)	-	-
Share based payments	-	-	-	1,537,318	-	1,537,318
Unwinding equity component of convertible notes	-	-	-	(174,625)	174,625	-
Net loss for 2008	-	-	-	-	(7,197,140)	(7,197,140)
Balance at 30 June 2008	<u>2,446,963</u>	<u>67,848,356</u>	<u>454,019</u>	<u>2,841,396</u>	<u>(48,176,717)</u>	<u>25,414,017</u>

NORSEMAN GOLD PLC

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Foreign Currency Reserve AUD\$</i>	<i>Equity Reserve AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
Year ended 30 June 2007						
Balance at 1 July 2006	2	-	-	-	-	2
Share issues	2,416,882	67,108,275	-	-	-	69,525,157
Foreign currency	-	-	(908,623)	-	-	(908,623)
Equity reserve	-	-	-	1,815,149	-	1,815,149
Net loss for 2007	-	-	-	-	(40,259,456)	(40,259,456)
Balance at 30 June 2007	<u>2,416,884</u>	<u>67,108,275</u>	<u>(908,623)</u>	<u>1,815,149</u>	<u>(40,259,456)</u>	<u>30,172,229</u>
Year ended 30 June 2008						
Balance at 1 July 2007	2,416,884	67,108,275	(908,623)	1,815,149	(40,259,456)	30,172,229
Foreign currency	-	-	347,942	-	-	347,942
Share issues	20,271	413,443	-	-	-	433,714
Conversion of Management equity in Capital	9,808	326,638	-	(336,446)	-	-
Share based payments	-	-	-	1,537,318	-	1,537,318
Unwinding equity component of convertible notes	-	-	-	(174,625)	174,625	-
Net loss for 2008	-	-	-	-	(4,254,583)	(4,254,583)
Balance at 30 June 2008	<u>2,446,963</u>	<u>67,848,356</u>	<u>(560,681)</u>	<u>2,1,841,396</u>	<u>(44,339,414)</u>	<u>28,236,620</u>

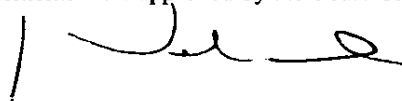
NORSEMAN GOLD PLC

GROUP BALANCE SHEET AS AT 30 JUNE 2008

	<i>Notes</i>	<i>As at 30 June 2008 AUD\$</i>	<i>As at 30 June 2007 AUD\$</i>
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	15,890,300	8,420,000
Mine properties in production phase	10	12,564,952	11,922,743
Exploration and evaluation expenditure	11	5,202,541	1,011,975
Goodwill	12	15,000,000	15,000,000
		<u>48,657,793</u>	<u>36,354,718</u>
Current Assets			
Trade and other receivables	14	1,501,219	1,954,558
Inventories	15	8,787,545	6,819,376
Financial assets available for sale	16	32,000	-
Cash at bank and in hand		7,121,092	17,360,479
		<u>17,441,856</u>	<u>26,134,413</u>
Total Assets		<u>66,099,649</u>	<u>62,489,131</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	17	10,920,026	5,628,894
Provisions	18	2,722,543	2,553,514
Convertible Notes	19	4,620,000	4,620,000
Interest-bearing loans and borrowings	20	3,104,021	-
		<u>21,366,590</u>	<u>12,802,408</u>
Non-Current Liabilities			
Provisions	18	4,568,408	4,553,892
Convertible Notes	19	10,015,275	14,840,649
Interest-bearing loans and borrowings	20	4,735,359	-
		<u>19,319,042</u>	<u>19,394,541</u>
Total Liabilities		<u>40,685,632</u>	<u>32,196,949</u>
Net Assets		<u>25,414,017</u>	<u>30,292,182</u>
EQUITY			
Capital and Reserves			
Share capital	21	2,446,963	2,416,884
Share premium account	21	67,848,356	67,108,275
Currency translation reserve	22	454,019	106,076
Equity reserve	22	2,841,396	1,815,149
Retained losses		(48,176,717)	(41,154,202)
Shareholders' Equity		<u>25,414,017</u>	<u>30,292,182</u>

The financial statements were approved by the Board of Directors on 28 October 2008 and signed on its behalf by:

Vincent Pental
Chairman



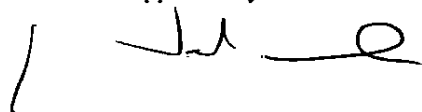
NORSEMAN GOLD PLC

COMPANY BALANCE SHEET AS AT 30 JUNE 2008

	<i>Notes</i>	<i>As at 30 June 2008 AUD\$</i>	<i>As at 30 June 2007 AUD\$</i>
ASSETS			
Non-Current Assets			
Loan to subsidiary undertakings	13	11,031,803	8,259,475
Investment in subsidiary undertakings	13	31,379,536	31,379,536
		<hr/>	<hr/>
		42,411,339	39,639,011
		<hr/>	<hr/>
Current Assets			
Trade and other receivables	14	10,157	11,569
Cash at bank and in hand		532,694	10,149,855
		<hr/>	<hr/>
		542,851	10,161,424
		<hr/>	<hr/>
Total Assets		<hr/> 42,954,190 <hr/>	<hr/> 49,800,435 <hr/>
LIABILITIES			
Current Liabilities			
Trade and other payables	17	82,295	167,557
Convertible Notes	19	4,620,000	4,620,000
		<hr/>	<hr/>
		4,702,295	4,787,557
		<hr/>	<hr/>
Non-Current Liabilities			
Convertible Notes	19	10,015,275	14,840,649
		<hr/>	<hr/>
Total Liabilities		<hr/> 14,717,570 <hr/>	<hr/> 19,628,206 <hr/>
Net Assets		<hr/> 28,236,620 <hr/>	<hr/> 30,172,229 <hr/>
EQUITY			
Capital and Reserves			
Share capital	21	2,446,963	2,416,884
Share premium account	21	67,848,356	67,108,275
Currency translation reserve	22	(560,681)	(908,623)
Equity reserve	22	2,841,396	1,815,149
Retained losses		(44,339,414)	(40,259,456)
		<hr/>	<hr/>
Shareholders' Equity		<hr/> 28,236,620 <hr/>	<hr/> 30,172,229 <hr/>

The financial statements were approved by the Board of Directors on 28 October 2008 and signed on its behalf by:

Vincent Pental
Chairman



NORSEMAN GOLD PLC

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	<i>Notes</i>	<i>Year ended 30 June 2008 AUD\$</i>	<i>Year ended 30 June 2007 AUD\$</i>
Net cash inflow / (outflow) from operating activities	27	6,173,488	(1,862,788)
Investing activities			
Funds used in mine properties & production		(5,671,879)	(875,180)
Funds used in exploration		(4,124,167)	-
Payments to purchase plant and equipment		(481,858)	(49,999)
Costs of acquiring subsidiaries		(288,400)	(41,323,922)
Interest received		747,631	117,937
Interest payable		(1,594,202)	(355,905)
Net cash used in investing activities		(11,412,875)	(42,487,069)
Financing activities			
Cash proceeds from issue of shares		-	65,746,002
Share issue costs		-	(4,035,668)
Repayment of convertible note		(5,000,000)	-
Net cash from / (used in) financing activities		(5,000,000)	61,710,334
Increase / (decrease) in cash and cash equivalents		(10,239,387)	17,360,477
Cash and cash equivalents at beginning of year		17,360,479	2
Cash and cash equivalents at end of year		7,121,092	17,360,479

NORSEMAN GOLD PLC

COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	<i>Notes</i>	<i>Year ended 30 June 2008 AUD\$</i>	<i>Year ended 30 June 2007 AUD\$</i>
Net cash outflow from operating activities	27	(1,112,155)	(1,330,252)
Investing activities			
Costs of acquiring subsidiaries		-	(41,806,994)
Loan granted to subsidiaries		(2,338,613)	(8,259,475)
Interest received		187,739	73,837
Interest payable		(1,354,132)	(237,597)
Net cash used in investing activities		(3,505,006)	(50,230,229)
Financing activities			
Cash proceeds from issue of shares		-	65,746,002
Share issue costs		-	(4,035,668)
Repayment of convertible note		(5,000,000)	-
Net cash from / (used in) financing activities		(5,000,000)	61,710,334
Increase / (decrease) in cash and cash equivalents		(9,617,161)	10,149,853
Cash and cash equivalents at beginning of year		10,149,855	2
Cash and cash equivalents at end of year		532,694	10,149,855

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated below.

1.1 Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS"), including IFRS6 'Exploration for and Evaluation of Mineral Resources' and in accordance with the Companies Act 1985. The Parent Company's financial statements have also been prepared in accordance with IFRS and the Companies Act 1985.

1.2 Going concern

The Group incurred a loss of AUD\$7,197,140 for the year ended 30 June 2008 and incurred net decrease in cash of AUD\$10,239,387 as a result of significant investment in exploration and mine development and the repayment of part of its convertible note facility. At balance sheet date the Group had current assets of AUD\$17,441,856 and current liabilities of AUD\$21,366,590.

Increasing costs for Central Norseman Gold Corporation Limited ("CNGC") and lower than expected production in the months of August and September 2008 have affected operational profitability. There was a cashflow deficit from operations for August however the required capital and development programmes have continued which has affected available cash. This trend has not continued and operations have returned to positive performance.

A review and restructure of the operation is currently being implemented and is anticipated to provide cost savings on the basis that gold production is maintained at or above average historical levels.

A Loan Facility of AUD\$1,500,000 has been provided to CNGC by director related entities to supplement the Group's funding and to allow it to continue on with its capital programs in advance of the Company's proposed dual listing on the Australian Securities Exchange ("ASX").

The directors are proceeding with the proposed dual listing on the ASX and further capital raising to support the operations. The Directors are confident that a raising of between AUD\$5 million and AUD\$10 million will be successful. However, should it be unsuccessful the directors will need to seek alternative sources of funding or amend the current business plan.

In the absence of acquiring financing through capital raising or alternative sources, there is some uncertainty about the ability of the Group to continue as a going concern. However, the directors believe the above measures will be sufficient to ensure going concern status of the Group, and have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements incorporate the accounts of the Company and its subsidiaries and have been prepared by using the principles of acquisition accounting ("the purchase method") which includes the results of the subsidiaries from their date of acquisition. Intra-group sales, profits and balances are eliminated fully on consolidation.

1.4 Goodwill

Goodwill is the difference between the amount paid on the acquisition of the subsidiary undertakings and the aggregate fair value of their separable net assets. Goodwill is capitalised as an intangible asset and tested for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. As such, goodwill is stated at cost less any provision for impairment in value. If a subsidiary undertaking is subsequently sold, goodwill arising on acquisition is taken into account in determining the profit and loss on sale.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.5 Mine properties in production phase Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Economically recoverable reserves are determined by the following: For open pit operations – proven and probable reserves; and for underground operations – proven and probable reserves and reasonably assured potential additional reserves. Accumulated costs associated with underground operations include an estimate of the future costs associated with the conversion of ‘indicated’ and ‘inferred’ resources into the ‘measured’ category. This estimate is based on the historical cost per ounce discovered. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided when an obligating event occurs from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

1.6 Property, Plant and Equipment

Property, plant and equipment are carried at cost less any accumulated depreciation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads.

1.7 Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land is depreciated over their useful lives commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis.

The depreciation rates used for each class of depreciable assets are:

<i>Class of property, plant and equipment</i>	<i>Depreciation Rate</i>
Mine Infrastructure and mobile equipment	25%-33.33%
Plant and Equipment	12.5%-33.33%
Land and Buildings	5%-33.33%

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.8 Deferred Taxation

Deferred income taxes are provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using tax rates that have been enacted or substantially enacted and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled.

The principal temporary differences arise from depreciation or amortisation charged on assets and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

1.9 Inventories

(i) Raw Materials and Stores

Inventories of raw materials and stores expected to be used in production are valued at average cost. Obsolete or damaged inventories of such items are valued at net realisable value. There is a regular and ongoing review of inventories for surplus items and provision is made for any anticipated loss on their disposal.

(ii) Work in Progress and Gold in Circuit

Inventories of broken ore, work in progress and gold in circuit are valued at the lower of cost and net realisable value. Cost comprises direct material, labour and transportation expenditure incurred in getting inventories to their existing location and condition, together with an appropriate portion of fixed and variable overhead expenditure based on weighted average costs incurred during the period in which such inventories were produced. Net realisable value is the amount anticipated to be realised from the sale of inventory in the normal course of business less any anticipated costs to be incurred prior to its sale.

1.10 Employee benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to the balance sheet date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave, which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

1.11 Revenue

Revenue from the sale of goods (precious metals) is recognised upon production. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

1.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost and comprise cash in hand, cash at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities on the balance sheet. For the purposes of the cash flow statement, cash and cash equivalents also include the bank overdrafts.

1.13 Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.14 Investments

Investments in subsidiary companies are stated at cost less provision for impairment in the Company's balance sheet.

1.15 Share based payments

The Company made share-based payments to certain directors and advisers by way of issue of share options. The fair value of these payments is calculated by the Company using the Black-Scholes option pricing model. The expense is recognised on a straight line basis over the period from the date of award to the date of vesting, based on the Company's best estimate of shares that will eventually vest.

The Company has issued shares to management which will vest in one and two years following readmission, provided certain requirements are met. The Company records an expense, based upon the market price at date of issue of shares expected to vest, on a straight line basis over the vesting period.

1.16 Foreign Currency Transactions and Balances

(i) Functional and presentational currency

Items included in the Group's financial statements are measured using Australian Dollars ("AUD\$"), which is the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are also presented in AUD\$ which is the Group's presentation currency.

The individual financial statements of each Group company are presented in the functional currency of the primary economic environment in which it operates.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Transactions in the accounts of individual Group companies are recorded at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. All differences are taken to the income statement.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

1.17 Trade Receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the income statement.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.18 Capital management

The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitable production, while in the meantime safeguarding the Group's ability to continue as a going concern. This is aimed at enabling it, once the projects come to fruition, to provide appropriate returns for shareholders and benefits for other stakeholders. The Group manages the capital structure in the light of changes in economic conditions and risk characteristics of the underlying projects. Conditions attached to borrowings are monitored regularly in the light of management accounts. Capital will continue to be sourced from equity and from borrowings as appropriate. During 2008 no debt covenants have been breached.

1.19 Critical accounting judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRSs also require management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

Impairment of intangible assets

Determining whether an intangible asset is impaired requires an estimation of whether there are any indications that its carrying value is not recoverable.

At each reporting date, the company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Valuation of goodwill and investments

Management value goodwill and investments after taking into account ore reserves, and cash-flow generated by estimated future production, sales and costs. If the assumed factors vary from actual occurrence, this will impact on the amount of the asset which should be carried on the balance sheet.

Provision of restoration costs

Provisions for restoration are established in the consolidated balance sheet when the obligating event occurs. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

Exploration and Development

Exploration and development costs are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. If the amount of economically proven reserves varies, this will impact on the amount of the asset which should be carried on the balance sheet.

Share based payments

The Group records charges for share based payments.

For option based share based payments management estimate certain factors used in the option pricing model, including volatility, exercise date of options and number of options likely to be exercised. If these estimates vary from actual occurrence, this will impact on the value of the equity carried in the reserves.

For conditional grants of shares at a discount management estimate the expected actual issuance of those shares. If this estimate varies from actual occurrence this will impact on the value of the equity carried in the reserves.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.20 Convertible notes

Convertible notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity.

Issue costs are apportioned between the liability components of the convertible notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible note.

1.21 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(ii) Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

1.22 Financial assets available-for-sale

Available-for-sale investments are those non-derivative financial assets, principally equity securities, which are designated as available-for-sale. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.23 New standards and interpretations not applied

During the year, the IASB and IFRIC have issued a number of new standards, amendments and interpretations with an effective date after the date of these financial statements. Of these, only the following are expected to be relevant to the Group:

IFRS 8	Operating segments	1 January 2009
IFRS 2	Share based payments- amendments to vesting conditions and cancellations	1 January 2009
IAS 27	Consolidated and separate financial statements	1 July 2009

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

1.24 Change of accounting policy and prior period adjustment

The prior year financial statements were presented in Pounds Sterling ("£"). The functional currency is AUD\$ and was adopted as the Group's presentational currency in the year. As a result of this change in accounting policy the foreign exchange reserve has been restated and the prior year's comparatives have been restated from £ to AUD\$.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2. Segmental reporting

For the purposes of segmental information, the operations of the Group are focused on Australia and comprise one class of business: the production, exploration, evaluation and development of mineral resources.

The Company acts as a holding Company.

The Group's operating loss arose from its operations in Australia. In addition, all the Group's assets are based in Australia.

The primary segmental reporting is determined to be geographical segment according to the location of the assets. The Directors do not believe that there is a secondary segment that could be reported. There are two reporting segments.

30 June 2008

Geographical segment (Group)	United Kingdom AUD\$	Australia AUD\$	Total AUD\$
Turnover:			
Sale of product	-	71,177,004	71,177,004
Cost of sales	-	(63,653,302)	(63,653,302)
Interest receivable	187,739	559,892	747,631
Depreciation and amortisation	-	(8,760,903)	(8,760,903)
Share-based payments	(1,537,318)	-	(1,537,318)
Administration expenses	(1,376,247)	(2,025,179)	(3,401,426)
Interest payable	(1,528,757)	(240,069)	(1,768,826)
Loss before taxation	(4,254,583)	(2,942,557)	(7,197,140)

Geographical segment (Group)	United Kingdom AUD\$	Australia AUD\$	Total AUD\$
Property, plant and equipment	-	15,890,300	15,890,300
Mine properties in production	-	12,564,952	12,564,952
Exploration and evaluation assets	-	5,202,541	5,202,541
Goodwill	-	15,000,000	15,000,000
Inventories	-	8,787,545	8,787,545
Financial assets available for sale	-	32,000	32,000
Trade and other receivables	10,156	1,491,062	1,501,218
Cash and cash equivalents	532,694	6,588,398	7,121,092
Trade and other payables	(82,295)	(10,837,731)	(10,920,026)
Provisions	-	(7,290,950)	(7,290,950)
Interest-bearing loans and borrowings	-	(7,839,380)	(7,839,380)
Convertible notes	-	(14,635,275)	(14,635,275)
Net assets	460,555	24,953,462	25,414,017

30 June 2007

Geographical segment (Group)	United Kingdom AUD\$	Australia AUD\$	Total AUD\$
Turnover:			
Sale of product	-	11,599,020	11,599,020
Cost of sales	-	(10,299,371)	(10,299,371)
Interest receivable	73,837	44,100	117,937
Impairment of goodwill	-	(37,638,755)	(37,638,755)
Depreciation and amortisation	-	(1,527,732)	(1,527,732)
Share-based payments	(1,265,595)	-	(1,265,595)
Administration expenses	(1,133,671)	(650,130)	(1,783,801)
Interest payable	(237,597)	(118,308)	(355,905)
Loss before taxation	(2,563,026)	(38,591,176)	(41,154,202)

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2. Segmental reporting (continued)

Geographical segment (Group)	United Kingdom AUD\$	Australia AUD\$	Total AUD\$
Property, plant and equipment	-	8,420,000	8,420,000
Mine properties in production	-	11,922,744	11,922,744
Exploration and evaluation assets	-	1,011,975	1,011,975
Goodwill	-	15,000,000	15,000,000
Inventories	-	6,819,376	6,819,376
Trade and other receivables	11,569	1,942,989	1,954,558
Cash and cash equivalents	10,149,855	7,210,624	17,360,479
Trade and other payables	(167,557)	(5,461,337)	(5,628,894)
Provisions	-	(7,107,407)	(7,107,407)
Convertible notes	-	(19,460,649)	(19,460,649)
Net assets	9,993,867	20,298,315	30,292,182

3. Group operating loss

The Group's operating loss is stated after crediting / (charging):

	Year ended 30 June 2008 AUD\$	Year ended 30 June 2007 AUD\$
Crediting:		
Sale of precious metals (gold and silver)*	71,177,004	11,599,020
Charging:		
Employee costs, excluding share-based payments	24,185,255	4,350,618
Exploration written off	100,000	198,400
AIM advisor fees and costs	122,878	153,328
Auditors' remuneration		
- group and parent company audit services	44,682	35,726
Auditors' remuneration for non audit services		
- Corporate finance	-	17,923
- Consultancy services	7,563	-
	52,245	53,649

4. Interest payable

Group	Year ended 30 June 2008 AUD\$	Year ended 30 June 2007 AUD\$
Crediting:		
Other interest	59,154	118,308
Interest on convertible loan notes	1,709,672	237,597
	1,768,826	355,905

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

5. Taxation

	<i>Year ended 30 June 2008 AUD\$</i>	<i>Year ended 30 June 2007 AUD\$</i>
Current Tax		
Corporation tax	-	-
Total current tax charge	<u>-</u>	<u>-</u>
The tax charge for the period can be reconciled to the loss per the income statement as follows:		
Group loss before tax	<u>(7,197,140)</u>	<u>(41,154,202)</u>
Tax at the Australian corporation tax rate of 30%	(2,159,142)	(12,346,260)
<i>Tax effects of:</i>		
Exploration write-off	30,000	60,000
Unrealised exchange loss	499,127	159,126
Share based payments	461,195	379,678
Withholding tax	-	1,100
Impairment loss	27,000	11,291,627
Tax losses	<u>1,141,820</u>	<u>454,729</u>
	<u>-</u>	<u>-</u>

The Group has not recognised a deferred tax asset at this stage. The potential deferred tax asset may be up to AUD\$3,509,370. The amount has not been recognised as the Group is in the process of completing the carry forward tax loss position as a result of the acquisition of Central Norseman Gold Corporation Limited via a Deed of Company Arrangement. However, Directors consider it probable that future taxable income will arise against which these assets may be offset. The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

6. Loss per share

The basic loss per ordinary share has been calculated using the loss for the financial year of AUD\$7,197,140 (2007: Loss AUD\$41,154,202) and the weighted average number of ordinary shares in issue of 79,844,044 (2007: 25,903,464, as restated for the share capital conversion).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 79,844,044 (2007: 25,903,464, as restated for the share capital conversion). The diluted loss per share has been kept the same as the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

The 2007 weighted average number of ordinary shares has been restated in line with IAS 33 requirements. The previously disclosed 2007 weighted average number of ordinary shares was 129,517,317.

7. Holding company income statement

In accordance with the provisions of the Section 230 of the Companies Act 1985, the Parent Company has not presented an income statement. A loss for the year ended 30 June 2008 of AUD\$4,254,583 (30 June 2007: Loss AUD\$40,259,456) has been included in the income statement.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

8. Employee costs

Group

The employee costs of the Group, including directors' remuneration, are as follows:

	<i>Year ended 30 June 2008</i>	<i>Year ended 30 June 2007</i>
	<i>AUD\$</i>	<i>AUD\$</i>
Wages, salaries and fees	22,115,976	3,467,191
Social security costs	2,069,279	297,627
Share-based payments	1,204,793	1,265,595
	<u>25,390,048</u>	<u>5,030,413</u>

Further details of the directors' remuneration are shown in the Directors' report.

The average numbers of employees during the year were:

<i>Area:</i>	<i>Year ended 30 June 2008</i>	<i>Year ended 30 June 2007</i>
Exploration	17	10
Administration	16	14
Bullen Decline	84	105
Harlequin Decline	48	35
Processing (Mill)	20	30
Engineering (Maintenance)	31	10
	<u>216</u>	<u>204</u>

9. Property, plant & equipment

Group

	<i>Land and Buildings</i>	<i>Plant and Equipment</i>	<i>Mine Infrastructure and Mobile Equipment</i>	<i>Capital Works in Progress</i>	<i>Total</i>
	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>
Cost					
At 1 July 2007	367,638	2,435,453	4,741,858	1,452,092	8,997,041
Additions	20,446	1,293,625	7,266,448	1,913,292	10,493,811
Disposals	-	(3,000)	(179,450)	-	(182,450)
At 30 June 2008	<u>388,084</u>	<u>3,726,078</u>	<u>11,828,856</u>	<u>3,365,384</u>	<u>19,308,402</u>
Depreciation					
At 1 July 2007	(22,475)	(128,980)	(425,586)	-	(577,041)
Charge for year	(109,937)	(780,389)	(1,950,735)	-	(2,841,061)
Depreciation on disposals	-	-	-	-	-
At 30 June 2008	<u>(132,412)</u>	<u>(909,369)</u>	<u>(2,376,321)</u>	<u>-</u>	<u>(3,418,102)</u>
Net book value					
30 June 2008	<u>255,672</u>	<u>2,816,709</u>	<u>9,452,535</u>	<u>3,365,384</u>	<u>15,890,300</u>
30 June 2007	<u>345,163</u>	<u>2,306,473</u>	<u>4,316,272</u>	<u>1,452,092</u>	<u>8,420,000</u>

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

9. Property, plant & equipment (continued)

Plant and equipment pledged as security for liabilities

Included in mobile equipment is \$7,650,071 which has been pledged as security for the related finance lease liabilities in current and non-current liabilities as disclosed in Note 20.

10. Mine properties in production phase

	<i>Year ended 30 June 2008 AUD\$</i>	<i>Year ended 30 June 2007 AUD\$</i>
Group		
Opening balance at 1 July	11,922,744	-
Mining expenditure incurred during the year	5,671,878	875,180
Acquisition of mining properties	-	12,000,000
Amortisation during the year	(5,029,670)	(952,437)
	<hr/>	<hr/>
Closing balance at 30 June	<u>12,564,952</u>	<u>11,922,743</u>

11. Exploration & evaluation expenditure

Group

Costs carried forward in respect of areas of interest in:

Exploration and evaluation phases:

	<i>Year ended 30 June 2008 AUD\$</i>	<i>Year ended 30 June 2007 AUD\$</i>
Opening balance at 1 July	1,011,975	-
Acquired – Norseman Project	-	1,211,975
Acquired – Pangolin Resources Pty Ltd	858,743	-
Exploration expenditure incurred during the year	3,431,823	-
Exploration expenditure written off	(100,000)	(200,000)
	<hr/>	<hr/>
Closing balance at 30 June	<u>5,202,541</u>	<u>1,011,975</u>

The amounts for intangible exploration and evaluation ("E & E") assets represent costs incurred in relation to the Group's operations at Norseman. These amounts will be written off to the income statement as exploration expenses unless commercial reserves are established or the determination process is not completed and there are no indicators of impairment. The outcome of ongoing exploration and evaluation, and therefore whether the carrying value of E & E assets will ultimately be recovered, is inherently uncertain. The Directors have assessed the value of the exploration and evaluation expenditure carried as intangible assets and in their opinion no provision for impairment is currently necessary.

12. Goodwill

Group	<i>Goodwill AUD\$</i>
Cost	
At 1 July 2007 and 30 June 2008	44,983,622
Amortisation and impairment	
At 1 July 2007 and 30 June 2008	(29,983,622)
Net book value	
At 30 June 2007 and 30 June 2008	<u>15,000,000</u>

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

12. Goodwill (continued)

Goodwill arose in the prior year on the acquisition of the Company's subsidiary undertakings. The Group tests goodwill for impairment at least annually. The Board impaired the value of goodwill at 30 April 2007.

13. Investments in subsidiary undertakings

Company	<i>Loans to Subsidiary Undertakings AUD\$</i>	<i>Shares in Subsidiary undertakings AUD\$</i>	<i>Total AUD\$</i>
Cost			
At 1 July 2007	8,259,475	31,379,536	39,639,011
Additions - at cost	-	-	-
Loans to subsidiaries in the year	2,772,328	-	2,772,328
Impairment	-	-	-
	<u>11,031,803</u>	<u>31,379,536</u>	<u>42,411,339</u>
At 30 June 2008	11,031,803	31,379,536	42,411,339

The loans due from subsidiaries are repayable to the Company in more than one year with no fixed repayment terms.

Subsidiary undertakings:

<i>Name of company</i>	<i>Country</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Davos Resources Pty Ltd	Australia	Ordinary Shares	100%	Mineral exploration
Norseman Gold Pty Ltd	Australia	Ordinary Shares	100%	Intermediate holding company
Central Norseman Gold * Corporation Limited	Australia	Ordinary Shares	100%	Gold mining company

Central Norseman Gold Corporation Limited acquired the entire share capital of its subsidiary Pangolin Resources Pty Ltd on 19 May 2008.

<i>Name of company</i>	<i>Country</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Pangolin Resources Pty Ltd	Australia	Ordinary Shares	100%	Mineral exploration

*The company's interest in Central Norseman Gold Corporation Pty Limited is held through Norseman Gold Pty Ltd.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

13. Investments in subsidiary undertakings (continued)

The acquisition of Pangolin Resources Pty Ltd has been accounted for using acquisition accounting ("the purchase method"). The aggregate assets and liabilities acquired were as follows:

	<i>Book and fair values</i>	
	<i>AUD\$</i>	<i>AUD\$</i>
Non-Current Assets		
Exploration and evaluation assets	683,715	
Current Assets		
Term deposit	38,400	
Net assets acquired		722,115
Goodwill arising on acquisition		-
Total cost of acquisition		<u>722,115</u>
Satisfied by:		
Cash		250,000
Replacement of tenement bond		38,400
Shares issued as Ordinary Shares		433,715
		<u>722,115</u>

14. Trade and other receivables

	<i>30 June 2008</i>		<i>30 June 2007</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>
Other receivables	1,402,767	-	1,942,599	-
Prepayments	98,452	10,157	11,959	11,569
	<u>1,501,219</u>	<u>10,157</u>	<u>1,954,558</u>	<u>11,569</u>

15. Inventories

	<i>30 June 2008</i>		<i>30 June 2007</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>
Gold Bullion	4,054,220	-	2,574,277	-
Work in Progress – at cost				
- Ore Stockpiles	1,420,738	-	1,640,490	-
- Gold in circuit	768,750	-	1,255,388	-
Raw materials and stores				
- at net realisable value	2,543,837	-	1,349,221	-
	<u>8,787,545</u>	<u>-</u>	<u>6,819,376</u>	<u>-</u>

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

16. Financial assets available for sale - current

	30 June 2008		30 June 2007	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
Shares – Australian listed	32,000	-	-	-
	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market. There are no individually material investments.

17. Trade and other payables

	30 June 2008		30 June 2007	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
Trade accruals	8,021,897	82,295	4,184,794	167,557
Other payables	2,898,129	-	1,444,100	-
	<u>10,920,026</u>	<u>82,295</u>	<u>5,628,894</u>	<u>167,557</u>

18. Provisions

Group

Current:

	Employee benefits AUD\$	Restoration and decommissioning AUD\$	Total AUD\$
At 1 July 2007	1,631,748	921,766	2,553,514
Charge to income statement	109,875	59,154	169,029
	<u>1,741,623</u>	<u>980,920</u>	<u>2,722,543</u>
At 30 June 2008	1,741,623	980,920	2,722,543

Non-current:

	Employee benefits AUD\$	Restoration and decommissioning AUD\$	Total AUD\$
At 1 July 2007	-	4,553,892	4,553,892
Charge to income statement	14,516	-	14,516
	<u>14,516</u>	<u>4,553,892</u>	<u>4,568,408</u>
At 30 June 2008	14,516	4,553,892	4,568,408

The Directors have considered environmental issues and the need for any necessary provision for the cost of rectifying any environmental damage, as might be required under local legislation and the Group's license obligations and have provided the above provisions for any future costs of decommissioning or any environmental damage.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

19. Convertible Notes

	30 June 2008		30 June 2007	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
Current:				
Convertible note, unsecured	4,620,000	4,620,000	4,620,000	4,620,000
Non-current:				
Convertible notes, unsecured	10,015,275	10,015,275	14,840,649	14,840,649
	30 June 2008		30 June 2007	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
Within not more than one year	4,620,000	4,620,000	4,620,000	4,620,000
Payable between 1 and 2 years	4,620,000	4,620,000	4,620,000	4,620,000
Payable between 2 to 5 years	5,395,275	5,395,275	10,220,649	10,220,649
	14,635,275	14,635,275	19,460,649	19,460,649

Terms of the Convertible Notes

(a) Introduction

The Convertible Loan Notes were issued in part satisfaction of the consideration for the acquisition of Central Norseman Gold Corporation Ltd. There were nine Convertible Loan Notes: one Note A, one Note B, one Note C, one Note D, one Note E, two Notes F and two Notes G. Note A was repaid on 30 April 2008. Each Convertible Loan Note was reconstructed during the period as part of the consolidation of capital.

(b) Conversion period

Each Convertible Loan Note may be converted at any time into Ordinary Shares within the conversion period (on conversion, the newly converted ordinary shares will rank *pari passu* with the Ordinary Shares in issue at the date of conversion). In respect of each Convertible Loan Note, the conversion period commences on the date of issue of the Convertible Loan Note (which is the date of Completion of the Acquisition Agreement) and expires on the last day of the term of the Convertible Loan Note.

The remaining Convertible Loan Notes have the following terms:

- Note B: one year;
- Note C: two years; and
- Notes D, E, F and G: three years.

The Company is discharged from its liabilities under the Convertible Note Deed in respect of a Convertible Loan Note when the Convertible Loan Note is either redeemed (see below) or is converted in accordance with its conditions of issue.

(c) Value and conversion price

Each Convertible Loan Note bears interest at a rate of 7% and has an initial principal money amount of (and is issued at) the following:

- Note B: AUD\$5,000,000, with a conversion price of £1.25 per Ordinary Share;
- Note C: AUD\$5,000,000, with a conversion price of £1.75 per Ordinary Share;
- Note D: AUD\$2,500,000, with a conversion price of £2.50 per Ordinary Share;
- Note E: AUD\$1,000,000, with a conversion price of £2.50 per Ordinary Share;
- Note F: AUD\$500,000, with a conversion price of £2.50 per Ordinary Share; and
- Note G: AUD\$250,000, with a conversion price of £2.50 per Ordinary Share.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

19. Convertible Notes (continued)

Any right of conversion may only be exercised in respect of the whole principal money amount or in multiples of AUD\$100,000 (the "Conversion Amount"). The number of Ordinary Shares resulting from the conversion of a Convertible Loan Note shall be calculated by dividing the Conversion Amount by the conversion price (as detailed above).

The nominal value of the loan notes has been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company as follows:

Group and Company	Year ended 30 June 2008 AUD\$	Year ended 30 June 2007 AUD\$
Nominal value of the convertible loan notes issued	15,000,000	20,000,000
Equity component	(539,351)	(539,351)
Liability component	14,460,649	19,460,649
Interest charged	1,528,757	237,597
Interest paid	(1,354,131)	(237,597)
Liability component at 30 June 2008	14,635,275	19,460,649

The interest charged for the year is calculated by applying an effective interest rate of 10.57% to the liability component.

The directors estimate the fair value of the liability component of the convertible notes at 30 June to be approximately AUD\$14,635,275. This fair value has been calculated by discounting the future cash flows at the market rate.

(d) Restrictions on conversion

If the conversion of a Convertible Loan Note into Ordinary Shares would result in the breach of any law or require the approval of Shareholders, Norseman may only convert such amount of a Convertible Loan Note into Ordinary Shares as would not result in the breach of any law or require Shareholder approval and must inform the holder of the Convertible Loan Note (the "Noteholder") by way of notice. The Noteholder must elect, within 5 days of receiving such notice, to either redeem the balance of the Convertible Loan Note or require the Company to seek Shareholder approval for the issue of the balance of the Ordinary Shares within 60 days of such election being made.

20. Interest-bearing loans and borrowings

	30 June 2008		30 June 2007	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
Current:				
Obligations under finance lease	3,104,021	-	-	-
	<u>3,104,021</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current:				
Obligations under finance lease	4,735,359	-	-	-
	<u>4,735,359</u>	<u>-</u>	<u>-</u>	<u>-</u>

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

20. Interest-bearing loans and borrowings (continued)

(a) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	30 June 2008		30 June 2007	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
Non-current:				
Finance lease - Mobile equipment	7,650,071	-	-	-
	<u>7,650,071</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets pledged as security	<u>7,650,071</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) Finance lease commitments

The Group has a finance leases for various items of mobile equipment with a carrying amount of \$7,650,071 (2007: \$nil). These lease contracts expire within 3 to 4 years with no residual payable.

	30 June 2008		30 June 2007	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
Within not more than one year	3,745,570	-	-	-
After one year but not more than five years	5,213,895	-	-	-
	<u>8,959,465</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total minimum lease payments	8,959,465	-	-	-
Less amount representing finance charges	(1,120,085)	-	-	-
	<u>7,839,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments	<u>7,839,380</u>	<u>-</u>	<u>-</u>	<u>-</u>

21. Share capital

	Year ended 30 June 2008 £	Year ended 30 June 2007 £
Authorised		
800,000,000 Ordinary shares of 1.25p each (2007: 4,000,000,000 Ordinary shares of 0.25p each)	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid		
Ordinary shares of 1.25p each (2007: 0.25p each)	<u>1,008,625</u>	<u>994,500</u>
	AUD\$	AUD\$
Allotted, called up and fully paid		
Ordinary shares of 1.25p each (2007: 0.25p each)	<u>2,446,963</u>	<u>2,416,884</u>

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

21. Share capital (continued)

Movement in issued and fully paid capital and share premium reserve	Number	Issued and fully paid capital £	Share premium reserve £	Issued and fully paid capital AUD\$	Share premium reserve AUD\$
As at 1 July 2007	397,800,000	994,500	27,807,030	2,416,884	67,108,275
Issued on 12 September 2007 – Management Shares	1,150,000	2,875	112,125	7,046	274,816
Consolidation of capital on 17 January 2008	(319,160,000)	-	-	-	-
On issue after consolidation of capital	79,790,000	997,375	27,919,155	2,423,930	67,383,091
Issued on 19 May 2008 – acquisition of Pangolin Resources Pty Ltd	800,000	10,000	202,000	20,458	413,257
Issued on 29 May 2008 – Management Shares	100,000	1,250	25,250	2,575	52,008
Total as at 30 June 2008	80,690,000	1,008,625	28,146,405	2,446,963	67,848,356

On 12 September 2007, the number of Ordinary Shares issued and fully paid was increased from 397,800,000 Ordinary Shares of £0.0025 each to 398,950,000 Ordinary Shares of £0.0025.

Pursuant to Shareholders' written resolutions effective 17 January 2008, each 5 issued Ordinary Shares of £0.0025 each in the capital of the Company were consolidated into 1 Ordinary Shares of £0.0125 each which reduced the Ordinary Shares on issue to 79,790,000 Ordinary Shares of £0.0125 each. The Management Shares were consolidated on the same basis.

On 19 May 2008, the number of Ordinary Shares issued and fully paid was increased from 79,790,000 Ordinary Shares of £0.0125 each to 80,590,000 Ordinary Shares of £0.0125.

On 29 May 2008, the number of Ordinary Shares issued and fully paid was increased from 80,590,000 Ordinary Shares of £0.0125 each to 80,690,000 Ordinary Shares of £0.0125.

The Ordinary Shares rank *pari passu* in all respects including the right to receive all dividends and other distributions declared, made or paid.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

22. Reserves

	Group <i>AUD\$</i>	Company <i>AUD\$</i>
Foreign Currency Reserve, movements		
At 1 July 2007	106,076	(908,623)
Foreign currency transactions	347,943	347,942
At 30 June 2008	<u>454,019</u>	<u>(560,681)</u>

Group and Company

Equity Reserve, movements:	<i>Equity component of convertible note AUD\$</i>	<i>Share based payments reserve AUD\$</i>	<i>Total AUD\$</i>
At 1 July 2007	539,351	1,275,798	1,815,149
Share based payments	-	1,537,318	1,537,318
Equity component of convertible note	(174,625)	-	(174,625)
Conversion of Management shares into Ordinary share capital	-	(336,446)	(336,446)
At 30 June 2008	<u>364,726</u>	<u>2,476,670</u>	<u>2,841,396</u>

23. Share-based payments

	<i>Year ended 30 June 2008 AUD\$</i>	<i>Year ended 30 June 2007 AUD\$</i>
The Group and Company recognised the following charge in the income statement in respect of its share based payment plans:		
Share option charge	266,020	585,801
Management share charge	1,271,298	679,794
	<u>1,537,318</u>	<u>1,265,595</u>

Share options

The details of share options outstanding at 30 June 2008 are as follows:

	<i>Number of Share options</i>
At 1 July 2007	19,300,000
Reduction as a result of consolidation	(15,440,000)
At 30 June 2008	<u>3,860,000</u>

Share option charge

Valuation methodology:

In the prior year two classes of options were issued with an exercise price of 12.5p and 6.25p respectively. Following the one for five share capital consolidation the options were consolidated with an exercise price of 62.5p and 31.25p respectively.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

23. Share-based payments (continued)

The option values were initially calculated with reference to the Black-Scholes option pricing model taking into account the following assumptions:

Share price	50p (pre consolidation 10p)	25p (pre consolidation 5p)
Exercise price	62.5p (pre consolidation 12.5p)	31.25p (pre consolidation 6.25p)
Expected volatility	50%	50%
Option life	3 years	3 years
Expected dividends	Nil	Nil
Risk free interest rate	6.385%	6.385%

The volatility percentage was an estimation of the expected volatility in the share price for a production, exploration and development Company which is listed on AIM having regard to comparative companies, quantum of cash raised, targeted investment group and risk profile.

Options issued and vested:

660,000 share options exercisable at 31.25 pence were granted under option agreements dated 16 October 2006 to each of Ascent Capital Holdings Pty Ltd (330,000) and Blue Oar Securities plc (330,000) and are exercisable at any time up to 23 October 2009.

1,000,000 share options exercisable at 62.5 pence were granted under an option agreement dated 29 March 2007 to Ocean Equities Ltd and are exercisable at any time up to 24 March 2010.

1,450,000 share options exercisable at 62.5 pence were granted under an option agreement on 28 March 2007.

Options issued but not vested:

<i>Exercise price Pence</i>	<i>Value Pence</i>	<i>Number of Options granted and held at 30 June 2008</i>
62.50	-	750,000

750,000 share options exercisable at 62.5 pence were granted under an option agreement on 28 March 2007. This tranche will be exercisable from the second anniversary of the date of grant. The options are exercisable up to 28 March 2010 but have certain terms and conditions whereby they terminate upon cessation of employment or consulting arrangements.

The directors have determined the options to be of Nil value.

Management share charge

The Management Shares will be issued provided that the relevant director, employee or consultant remains a director, employee or consultant at that time. If he does not, the relevant Management Shares will not be issued unless the reason for cessation was ill health, disability, death or termination by the Company or by the relevant employee or consultant or his associated consultancy entity for breach by or insolvency of the Company, in which case the relevant Management Shares may be required to be issued at any time after the first anniversary of Re-Admission (or earlier in case of death). The Management Shares may also be required to be issued after such first anniversary in case of a change of board control (in the case only of Management Shares held by associates of the Directors) or at any time in case of a change of voting control of the Company.

During the period the Management Shares were consolidated on a 1 for 5 basis and a number were issued and converted to ordinary shares (refer note 21). At the end of the financial year there were 5,820,000 Management Shares on issue.

The value of the Management Shares was re-assessed upon consolidation and the amount of AUD\$2,535,159 will be amortised over the vesting period to 30 April 2009.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

24. Financial instruments

Interest Rate Risk

At 30 June 2008, the Group had Australian Dollar cash deposits of AUD\$7,121,092 (30 June 2007: AUD\$9,784,902). The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on classes of financial assets and financial liabilities, was as follows:

	<i>Floating interest rate 30 June 2008 AUD\$</i>	<i>Non - Interest Bearing 30 June 2008 AUD\$</i>	<i>Floating interest rate 30 June 2007 AUD\$</i>	<i>Non - Interest Bearing 30 June 2007 AUD\$</i>
<i>Financial assets:</i>				
Cash at bank and in hand	<u>7,121,092</u>	<u>-</u>	<u>17,360,480</u>	<u>-</u>

The effective weighted average interest rate was 5% (30 June 2007: 4.5%).

Financial Liabilities

At 30 June 2008, the Group had convertible note debt of AUD\$15,000,000 (30 June 2007: AUD\$20,000,000) which has been split between a liability and equity component. Refer to Note 18.

Net Fair Value

The net fair value of financial assets and financial liabilities approximates to their carrying amount as disclosed in the balance sheet and in the related notes.

Currency Risk

The functional currency for the Group's operating activities is the Australian Dollar. The Group's objective in managing currency exposures arising from its net investment overseas is to maintain a low level of borrowings. The Group has not hedged against currency depreciation but continues to keep the matter under review.

Financial risk management

The Directors recognise that this is an area in which they may need to develop specific policies should the Group become exposed to further financial risks as the business develops.

Credit Risk

The entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet. The Group trades only with recognised, credit worthy third parties.

Price Risk

The Group has an exposure to commodity price risk. The Group has not hedged against this risk but continues to keep the matter under review.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

25. Exploration expenditure commitments

In order to maintain an interest in the mineral assets in which the Group is involved, the Group is committed to meet the conditions under which the licences were granted. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the work programme required as per the licence commitments and may vary significantly from the forecast based upon the results of the work performed. Exploration results in any of the projects may also result in variation of the forecast programmes and resultant expenditure. Such activity may lead to accelerated or decreased expenditure.

	30 June 2008		30 June 2007	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
As at the balance sheet date the aggregate amount payable is:				
Within not more than one year	7,343,234	-	6,344,446	-

26. Related party transactions

The remuneration paid to the Directors, in accordance with the service contracts which include payments made to entities associated with the Directors, during the year ended 30 June 2008, was as follows:

	Note	Fees/Salaries AUD\$	Share based payments	2008 Total	2007 Total
			AUD\$	AUD\$	AUD\$
Vincent Pandal	1	100,000	108,521	208,521	116,042
David Steinepreis	2	132,962	200,763	333,725	574,735
Barry Cahill	3	397,386	271,821	669,207	257,263
Michael de Villiers	4	53,619	-	53,619	28,581
Gary Steinepreis	5	114,476	108,521	222,997	-
Scott Spencer	6	-	-	-	9,527
		798,443	689,626	1,488,069	986,148

Notes:

1. Mr Pandal's services are provided by Ardlussa Pty Ltd.
2. Mr D Steinepreis is paid a salary and additional services are provided by Ascent Capital Holdings Pty Ltd ("Ascent Capital"). Ascent Capital provides the services of David Steinepreis and Gary Steinepreis, when required by the Board.
3. Mr Cahill's services are provided through Infinity Resources Pty Ltd.
4. Mr de Villiers' services are provided through Independent Executive Consultants Ltd.
5. Mr G Steinepreis' services are provided by Ascent Capital.
6. Mr Spencer's services were provided by Aubrey Consulting Pty Ltd.

Occupancy costs of a total AUD\$17,368 (2007: AUD\$27,200) were paid to Ord Street Services, an entity associated with David Steinepreis a director of the Company.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

27. Reconciliation of operating cash flows to net cash outflows from operating activities

Group	<i>Year ended 30 June 2008 AUD\$</i>	<i>Year ended 30 June 2007 AUD\$</i>
Group operating loss	(6,175,945)	(40,916,236)
Adjustments for items not requiring an outlay of funds:		
Foreign currency - unrealised	347,943	408,928
Depreciation and amortisation	5,880,606	1,529,478
Exploration expenditure written off	100,000	200,000
Share-based payments charge	1,537,318	1,265,595
Impairment of other assets	90,000	-
Non-cash issue of shares to acquire subsidiary	433,713	-
Impairment of goodwill on acquisition	-	37,638,755
Operating profit (loss) before changes in working capital	2,213,635	126,520
Increase in inventories	(1,968,169)	(5,752,034)
Decrease (Increase) in receivables and prepayments (Note a)	453,342	(1,954,559)
Increase in provisions	183,547	88,392
Increase in trade and other payables	5,291,133	5,628,893
Net cash outflow from operating activities	<u>6,173,488</u>	<u>(1,862,788)</u>

Note a: Inventories includes AUD\$4,054,220 of Gold Bullion on hand at 30 June 2008 (30 June 2007: AUD\$2,574,277).

Company	<i>Year ended 30 June 2008 AUD\$</i>	<i>Year ended 30 June 2007 AUD\$</i>
Operating loss	(2,913,567)	(40,095,696)
Adjustments for items not requiring an outlay of funds:		
Foreign currency - unrealised	347,943	(908,624)
Share-based payments charge	1,537,318	1,275,798
Impairment of goodwill on acquisition	-	38,242,281
Operating loss before changes in working capital	(1,028,306)	(1,486,241)
Increase in receivables and prepayments	1,413	(11,569)
Increase in trade and other payables	(85,262)	167,558
Net cash outflow from operating activities	<u>(1,112,155)</u>	<u>(1,330,252)</u>

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

28. Events after the balance sheet date

On 4 July 2008, the Company announced the issue of 100,000 options to subscribe for Ordinary Shares exercisable from the first anniversary of the date of grant at a price of 50 pence per Ordinary Share to an employee of Central Norseman Gold Corporation Ltd. This issue of options brings the total options issued to employees to 1,350,000 exercisable at various dates from 30 August 2008 at a price of 50 pence per Ordinary Share.

On 21 October 2008, the Company and CNGC entered into loan facility agreements with Wildpark Nominees Pty Ltd and Ascent Capital Holdings Pty Ltd, companies associated with three directors of the Company, being Barry Cahill, David Steinepreis and Gary Steinepreis, whereby these companies (the "Lenders") will make available a \$1,500,000 loan facility to CNGC (the "Loan Facility"). The Loan Facility has been entered into to supplement the Company's funding and to allow it to continue on with its capital programs in advance of the Company's proposed dual listing on the Australian Securities Exchange ("ASX"), which is taking longer than anticipated pending completion of associated documentation.

29. Control

The Company is under the control of its shareholders and not any one party.

30. Contingencies

Royalty Dispute

Central Norseman Gold Corporation Limited (CNGC), a wholly owned subsidiary of Norseman Gold and the owner of the Norseman Gold Mine, wishes to advise that it is seeking a determination in the Supreme Court of Western Australia relating to a royalty dispute in the period prior to the acquisition of CNGC by Norseman Gold. The Company will be vigorously challenging the assertion that CNGC is liable for the payment of the outstanding royalties. Furthermore, the Company considers that it is indemnified against the claim by warranties given by the vendor.

Background

CNGC has received a demand from the Western Australian Minister for Energy, Resources, Industry and Enterprise (Minister) for gold royalties allegedly owing in 2006 in the amount of AUD\$895,225.86 (Alleged Royalty Debt).

The Alleged Royalty Debt relates to gold royalties from the period predating CNGC going into administration. CNGC was placed in administration on 23 June 2006 and was released from administration on 30 April 2007, when it was acquired by Norseman Gold.

Pursuant to the terms of the CNGC Deed of Company Arrangement (CNGC DOCA), all CNGC debts were released when CNGC was released from administration, with the creditors subsequently only having recourse against the CNGC Creditors Trust, and not CNGC.

The Department of Industry and Resources (DOIR), on behalf of the Minister, duly submitted a proof of debt for the Alleged Royalty Debt to the CNGC Creditors Trust, and received a dividend cheque. The Company understands that the DOIR subsequently returned the dividend cheque to the CNGC Creditors Trust.

The Minister has now demanded payment of the Alleged Royalty Debt in full from CNGC. CNGC disputes the Minister's claim on a number of grounds, including that the Alleged Royalty Debt due to the Minister was released by the CNGC DOCA, in the same way as the debts of other creditors of CNGC.

Indemnification

Whilst CNGC strongly disputes the Minister's claim, in the event that the Minister has a valid claim, the Company considers that it is entitled to be indemnified for any amount it is required to pay to the Minister. Under the Share Sale Agreement pursuant to which the Company acquired CNGC, it received warranties from Croesus Mining NL (Croesus) (at the time subject to a deed of company arrangement), which warranties, if the Minister is entitled to recover the Alleged Royalty Debt, CNGC considers have been breached. As a consequence, in the event that the Minister has a valid claim, CNGC will seek to be indemnified for the Alleged Royalty Debt under the warranties.

NORSEMAN GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

30. Contingencies (continued)

Bryan Hughes, the Trustee of the Croesus Creditors Trust (**Croesus Trustee**), has acknowledged that, to the extent that Norseman Gold has a valid warranty claim against Croesus, that claim is to be borne by the assets of the Croesus Creditors Trust (and not the reconstructed Croesus), but denies liability for breach of warranty.

Determination Process

CNGC, the Minister and the Croesus Trustee have agreed to have these matters determined in the Supreme Court of Western Australia. The matter was deferred at a Status Conference on 16 June 2008. It is not expected that the matter will return to the courts until early next year, at which time the Court will make programming orders for the parties.

The Company notes that from the date of the appointment of the Administrator on 23 June 2006 to present, CNGC has complied with all of its obligations under the mining leases, including the payment of rent and royalties to the Minister.