



NORSEMAN GOLD PLC

(Incorporated in England and Wales under the Companies Act 2006
with registration number 5380466)
ARBN 122 088 073

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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DIRECTORS, SECRETARY AND ADVISERS

Directors:	Kevin Maloney David Steinepreis Gary Steinepreis	Executive Chairman Non-Executive Director Non-Executive Director
Company Secretary:	John Bottomley	
Company Registration Number: ARBN	5380466 122 088 073	
Registered Office:	One America Square Crosswall London EC3N 2SG	
Principal Office in Australia:	Level 1 33 Ord Street, West Perth Western Australia 6005 Telephone +61 8 9420 9300 Web www.norsemangoldplc.com Email investors@ngold.com.au	
Solicitors	United Kingdom Watson Farley & Williams LLP 15 Appold Street London EC2Y 2HB	Australia: Fairweather Corporate Lawyers 595 Stirling Highway Cottesloe Western Australia 6005
Group Auditors:	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW	
Registrars:	United Kingdom Capita IRG Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU Telephone +44 (0) 1484 600921	
	Australia Computershare Investor Services Pty Limited Level 2 / 45 St George's Terrace Perth Western Australia 6005 Telephone 1300 85 05 05 Overseas +61 3 9415 4000 Facsimile +61 8 9323 2033	
Stock Exchange:	The shares are listed on ASX – code NGX (currently suspended)	

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

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 2013

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

The Company was quoted on the Alternative Investment Market ("AIM") of the London Stock Exchange until the trading in the securities were suspended on 24 September 2012 and on 30 April 2013 the listing on AIM was cancelled. The Company remains listed on the Australian Securities Exchange ("ASX") but the trading in the securities is suspended

Principal activity and significant events

The Group's principal activity is the operation of Central Norseman Gold Corporation Ltd ("CNGC" or "the Norseman Project"). The Norseman Project is located adjacent to the Norseman township, approximately 725 kilometres east of Perth, Western Australia. It is one of Australia's longest continuously running gold mining operations having produced gold for over 65 years with total production exceeding 5.5 million ounces of gold to June 2013.

During the financial year under review, the Company undertook a management and operational restructuring which was unsuccessful and on 3 October 2012, CNGC was placed in external administration. This has resulted in a significant impairment to the value of the Group's assets as shown on the Group Statement of Comprehensive Income. The external administration process was funded by Tulla Resources Group Pty Ltd ("Tulla"), the major shareholder and secured creditor of the Company.

The external administrator, Ron Dean-Willcocks of Dean-Willcocks Shepard, prepared a report to creditors in accordance with section 439A of the Corporations Act (Australia). As part of this process, a Deed of Company Arrangement (DOCA) was proposed by the Company and Tulla for CNGC. The external administrator recommended to the creditors of the Company that, in the opinion of the Administrator, subject to the assumptions and qualifications contained in the report, that it was in the interests of creditors to approve the execution of the DOCA. This was considered and approved by creditors on 21 February 2013. The DOCA was executed on 11 March 2013, subsequently varied on 24 April 2013 and wholly effectuated on 2 May 2013. The effect of the DOCA was to compromise the creditors of CNGC however certain related party creditors and secured creditors did not participate in the DOCA and these liabilities remain.

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 2013.

The Group made a loss after tax of AUD\$52.6 million (including asset impairment charges of AUD\$10.5 million) for the year ended 30 June 2013 (2012: AUD\$142.6 million).

Business review and going concern

The Group has operated at a loss from its operations during the year under review and CNGC was placed in external administration on 3 October 2012. The operating loss in the current year was as a result of the unsuccessful restructuring of the operations where a project management company was appointed to take over the management of the Project on the Group's behalf and lower than anticipated gold production from all operations at the Company's Norseman Project and increased fixed cost of operations.

The Group is dependent on cash flows generated from its mining operations to fund its ongoing activities. During the year, capital raisings via share placements were undertaken and related party loans. The existing secured loan facility from EXP T1 Ltd was novated to Farrer Place Holdings Pty Ltd, an entity associated with Tulla, during the financial year.

The gold production from the Norseman Project continued to fall well short of expectations and in August 2012, the Harlequin mine was placed under a prohibition notice by the Department of Mine and Petroleum due to concerns with no safe secondary egress from the mine. As well, operations in the North Royal open pit were suspended in October 2012 due to lower than forecast recoveries of gold.

In April 2013, mining recommenced in the Bullen mine and the first gold was milled and poured in May 2013. Based on a review of the reserve and resource models, mining was primarily focussed on the St Pats 2 area. Despite the use of different mining techniques and constant geological review, the results from the mining of this area were

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

disappointing and a decision to stop any future development work in the St Pats 2 was made in August 2013

As a result of the external administration and settlement of the DOCA, operational funding has continued with the support of the Tulla

~~The Group had cash of AUD\$[] at [] 2013 and the restructuring work continues~~ Management have prepared short to medium term production plans. The Directors have reviewed these plans with the intent to maximise the cash generated by mine. The plans indicate net operating cash inflows over the next 12 months (excluding debt servicing of capital and interest due). The plans prepared have been prepared on the basis of continued production until April 2014. Previous production plans have not, however, been met and as such there is a risk that the Group will not be able to continue as a going concern.

The resource and reserve position is currently being reviewed and the indications are that there will be a significant reduction in the amount of reserves available and the amount and quality of resources available which means that it is highly unlikely that a suitable and commercial medium to long term mine plan will be developed. In addition, in order to keep the mining and exploration tenements in good standing, the Group has exploration expenditure commitments of AUD\$6.3 million due within 12 months of the year ended 30 June 2013 (see note 24). These were met in the year ended 30 June 2013. These exploration expenditure commitments need to be met or the assets may be at risk of forfeiture unless expenditure exemptions are approved.

The Group requires additional working capital and the Norseman Project must continue to generate sufficient funds from short term production to enable the Group to continue to trade for the foreseeable future while the medium term plans are further developed and implemented.

Currently, the Group is reliant upon Tulla to provide adequate working capital to continue the operations and Tulla have indicated that they currently plan to continue to financially support the Group for the time being. The security arrangements for this working capital facility from Tulla and funds advanced for the external administration process have not yet been finalised. In addition, the Secured Loan Facility and Secured Convertible Loan Notes terms and conditions have been breached. A proposal is being prepared and a meeting will be called of the Secured Convertible Loan Noteholders to seek noteholder approval to restructure and renegotiate these obligations. The Group is currently accruing the interest due on these facilities.

There can be no guarantee or certainty that Tulla will continue to provide the required funds or that the Secured Loan Facility and Secured Convertible Loan Notes will be restructured. Other sources of funds may be required to be raised which may take some time. Material uncertainties therefore exist that may cast significant doubt on the Company's and Group's ability to continue as a going concern and its ability to meet its commitments and discharge its liabilities in the normal course of business for a period of at least twelve months from the date of approval of these financial statements.

Nevertheless after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company and Group will have adequate cash resources to continue to operate for the foreseeable future. For these reasons the financial statements have been prepared on a going concern basis.

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 14 respectively.

Subsequent events

The following events occurred subsequent to 30 June 2013:

- The Company has continued its operations with the financial support of Tulla and the Directors have also lent approximately \$90,000 to Norseman Gold plc to pay various corporate administrative expenses.
- The Directors have announced that they do not expect mining operations to continue beyond April 2014 at which point the Group will recommence exploration activities.
- Discussions have continued with all secured convertible note holders about their status as the bonds have matured but not been settled. At this stage, no resolution has been agreed.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

Key performance indicators

During the period, the Group was cashflow negative from operating activities and continued to invest significant capital investment in exploration, mine properties and plant & equipment. The mine produced 8,892 ounces which was below budget. Due to the current state of the Company's business, further discussion on key performance indicators may not be accurate until the future plan is agreed and is not provided. All mines were placed on care and maintenance during or subsequent to 30 June 2013.

Principal risks and uncertainties facing the Company

The Norseman Project risks remain the same

- 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. Historically, variances have occurred between the mined ore as compared to estimated reserves and resources. This matter is currently under review.
- 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 variances are 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.
- Mining operations have significant operational and development risks. The business of gold mining is subject to a variety of risks including consistency and reliability of ore quality, commodity prices, government policies and other unforeseen contingencies. Such and other similar occurrences may delay production, increase production costs or result in liability.
- Reliance on key personnel and other business inputs. The Company's operations rely on its ability to source and retain skilled personnel, contractors, materials and supplies. Cost inflation for these inputs may have a material impact on the Company's operations. The Project operates in the Australian mining industry sector, a sector which has been booming for several years. This mining boom has created an acute shortage of suitably qualified and experienced operational personnel and management. This has and will continue to present risk to the Company's ability to effectively and efficiently mine ore.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

- There can be no assurance that additional equity or debt funding will be available if required by the Company for its future development plans

Use of financial instruments

Norseman's financial risk management objectives are to minimise debt, to fund exploration activity through operating cash flow or 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 23 of the Financial Statements include the Group's exposure to price, liquidity and credit risk.

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 resident manager of Norseman is directly and collectively responsible to the Board for demonstrating that the EHS & SR Objectives are attained throughout Norseman. The resident manager has adopted management system guidelines as guidance for demonstrating this.

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 Group has and continues to maintain the EHS & SR policy aims so as to reduce the potential for any breach. There has been a conviction in relation to the OK Mine fatality with a fine imposed which has been covered by our insurance policy.

Other than as disclosed, 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 ASX Listing Rules.

Pensions/Superannuation

The Group contributes to superannuation schemes on behalf of its employees in accordance with Superannuation Guarantee legislation in Australia.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

Directors

The following Directors held office during the year ended 30 June 2013 and subsequent to that year end date

Kevin Maloney Appointed 13 July 2012
David Steinepreis
Gary Steinepreis

Kelvin May Appointed 16 February 2012, resigned 13 July 2012

Directors' interests

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

	<i>30 June 2013 Ordinary shares of 1 25p each</i>	<i>30 June 2013 Warrants</i>	<i>30 June 2013 Convertible loan notes 2015</i>	<i>30 June 2013 Convertible loan notes 2013</i>	<i>Notes</i>
Kevin Maloney	93,168,668	160,333,333	AUD\$10,000,000	-	1
David Steinepreis	11,817,185	23,333,332	-	£500,000	2
Gary Steinepreis	7,530,000	14,166,666	-	£250,000	3

	<i>30 June 2012 Ordinary shares of 1 25p each</i>	<i>30 June 2012 Warrants</i>	<i>30 June 2012 Convertible loan notes 2015</i>	<i>30 June 2012 Convertible loan notes 2013</i>	<i>Notes</i>
Kevin Maloney	93,168,668	160,333,333	AUD\$10,000,000	-	1
David Steinepreis	11,817,185	23,333,332	-	£500,000	2
Gary Steinepreis	7,530,000	14,166,666	-	£250,000	3

Notes

- 1 The beneficial and non-beneficial interests of Mr Kevin Maloney are held by Tulla Resources Group Pty Ltd as trustee for the Tulla Resources Investment Trust, Rosebery Nominees Pty Ltd as trustee for the Maloney Superannuation Fund and Tulla Partners Holdings Pty Ltd
- 2 The beneficial and non-beneficial interests of Mr David Steinepreis are held directly by Ascent Capital Holdings Pty Ltd, Pelamis Investments Ltd, N&J Mitchell Holdings Pty Ltd as trustee for the Mitchell Unit Trust, N&J Mitchell Holdings Pty Ltd as trustee for the Steinepreis Super Fund, N&J Mitchell Holdings Pty Ltd as trustee for Ord Street Properties, by his wife Mrs Linda Steinepreis and by Mark Steinepreis, Carly Steinepreis and Elizabeth Steinepreis
- 3 The beneficial and non-beneficial interests of Mr Gary Steinepreis are held by Ascent Capital Holdings Pty Ltd, Leisurewest Consulting Pty Ltd as trustee for the Leisurewest Trust, Oakhurst Enterprises Pty Ltd and by his wife Mrs Jacqueline Steinepreis

Directors' service contracts

Kevin Maloney – executive

Mr Maloney provides executive chairman services to the Company. There is no service contract. Mr Maloney's remuneration payable is AUD\$160,000 per annum. Mr Maloney has not received any remuneration for these services since his appointment on 13 July 2012.

David Steinepreis –non-executive

Mr Steinepreis provides executive services to the Company. There is a service contract which was amended to include his role acting as trustee for the convertible noteholders. Mr Steinepreis' remuneration payable was AUD\$300,000 per annum (GBP£191,000) until 30 September 2012. Mr Steinepreis has not received any remuneration for his services since 30 September 2012.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

Gary Steinepreis – non-executive, member of audit committee

Mr Steinepreis provides non-executive director services to the Company through a consultancy agreement with the Company. Mr Steinepreis' remuneration payable is AUD\$60,000 per annum. In addition, Ascent Capital provides additional services of Gary Steinepreis, when required by the Board, at a daily rate of AUD\$2,000, exclusive of GST. Mr Steinepreis receives additional remuneration as a committee member of the audit committee. Mr Steinepreis has not received any remuneration for his services since 1 July 2012.

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 2013, was as follows:

	Note	Fees/Salaries AUD\$	Share based payments AUD\$	2013 Total AUD\$	2012 Total AUD\$
Kevin Maloney	1	-	-	-	-
David Steinepreis		82,836	-	82,836	440,482
Gary Steinepreis	2	-	-	-	200,076
Kelvin May	3	-	-	-	18,923
Totals		82,836	-	82,836	1,045,996

Notes

- 1 Mr Kevin Maloney was appointed a director on 13 July 2012.
- 2 Mr G Steinepreis's services are provided by Leisurewest Consulting Pty Ltd and additional services were provided by Ascent Capital Holdings Pty Ltd (Ascent Capital) when required by the Board.
- 3 Mr May was appointed a director on 16 February 2012 and resigned on 13 July 2012. He has been paid as an employee of the Company's subsidiary, Central Norseman Gold Corporation Ltd, since October 2010. Upon his appointment as a director Mr May was paid a directors fee of AUD\$60,000 per annum in addition to his remuneration as an employee.

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 normal 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. However, as discussed above the Company's main subsidiary, CNGC, DOCA was approved by creditors on 21 February 2013. As a result a DOCA was executed on 11 March 2013 and subsequently varied on 24 April 2013 and wholly effectuated on 2 May 2013. The effect of the DOCA was to compromise the creditors of CNGC however certain related party creditors and secured creditors did not participate in the DOCA and these liabilities remain.

Issue of share options and warrants

The details of the share options and warrants outstanding at 30 June 2013 and the movements in share options and warrants during the period are set out in Note 22 to the financial statements.

Internal controls

The Board is responsible for identifying and evaluating the major business risks faced by the Group and for determining and monitoring the appropriate course of action to manage these risks.

Statement of disclosure to the auditors

So far as all of the current 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.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

Auditors

UHY Hacker Young were appointed auditors to the Company. In accordance with Section 489 of the Companies Act 2006 a resolution proposing that UHY Hacker Young 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.

Statement of responsibilities of those charged with governance

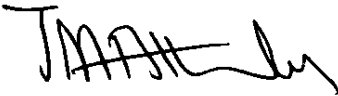
The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards as adopted by the European Union ("IFRS"). UK Company Law requires the Directors to prepare financial statements for each financial period which give 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 UK Companies Act 2006. 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.

By order of the board


~~Kevin Maloney~~ ~~Chairman~~ ~~2013~~ ~~2014~~
~~Chairman~~ ~~2013~~ ~~2014~~
<29 January 2014>

DIRECTORS' BIOGRAPHIES

Kevin Maloney, Executive Chairman, aged 67

Mr Maloney is Chairman of the Tulla Resources Group of companies which has now invested significantly in the future of Norseman both through direct funding through shares and convertible loan notes. Tulla Resources Group is the Australian owned investment group of the Maloney family. Based in Sydney, it was established in the early 1990s with an open mandate focusing on small to middle market listed companies, private equity, venture capital and debt. Tulla Resources Group has a track record of success from building and growing many businesses, including The MAC Services Group which is a mining services company that was listed on the ASX in April 2007 and sold to Oil States International in December 2010.

David Steinepreis, Non-Executive Director, aged 57

David Steinepreis is a resident of the United Kingdom and a Chartered Accountant and former partner of an international accounting firm 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. This business model continues today.

Gary Steinepreis, Non-Executive Director, aged 48

Gary 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 currently a director of New Horizon Coal Ltd, AVZ Minerals Ltd and Monto Minerals Ltd all of which are listed on the ASX. He is also managing director of Ascent Capital.

INDEPENDENT AUDITOR'S 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 2013 which comprise the Group Statement of Comprehensive Income, 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 to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Statement of responsibilities of those charged with governance, set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view of the Group's affairs.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Basis for qualified opinion on financial statements

The audit evidence currently available to us at the date of signing this report was limited because it is not practicable for the directors to obtain or prepare reliable evidence as to the likelihood of favourable outcomes to the material uncertainties relating to going concern which are described in note 1.2 to the financial statements. We have therefore been unable to obtain sufficient audit evidence regarding the possible effect of these material uncertainties. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Had this information been available to us we might have formed a different opinion on the financial statements.

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2013 and of the Group's losses for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NORSEMAN GOLD PLC (CONTINUED)**

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

In respect solely of the limitation in scope of our work relating to the assessment of the appropriateness of the going concern basis of preparation of the financial statements, described above, we have not obtained all the information and explanations that we considered necessary for the purposes of our audit

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Colin Wright
(Senior Statutory Auditor)

For and on behalf of UHY Hacker Young LLP
Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London E1W 1YW

[XX January 2014]

NORSEMAN GOLD PLC
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

		<i>Year ended 30 June 2013 AUD\$</i>	<i>Year ended 30 June 2012 AUD\$</i>
	<i>Notes</i>		
Continuing operations			
Group revenue	2	13,548,428	40,853,083
Cost of sales – direct costs		(29,906,872)	(67,724,855)
Amortisation of mining assets	11	-	(3,956,587)
Gross loss		(17,228,858)	(30,828,359)
Other operating income	4	2,335,611	2,326,613
Administrative expenses before depreciation, exploration expenditure write off, and share-based payments		(16,169,498)	(7,780,118)
Exploration expenditure write off	12	(1,874,289)	(683,715)
Depreciation	10	(3,677,584)	(8,231,189)
Share-based payments	22	-	(775,634)
Total administrative expenses		(21,721,371)	(17,470,656)
Group operating loss before impairments	3	(35,744,204)	(45,972,402)
Impairments of			
- property, plant and equipment	10	-	(12,585,652)
- mine properties in production phase	11	(10,000,000)	(56,013,792)
- exploration & evaluation costs	12	-	(18,954,374)
- goodwill	13	-	-
Group operating loss after impairments		(45,744,204)	(133,526,220)
Interest receivable		185,407	393,179
Interest payable	5	(7,038,702)	(2,565,484)
Loss before taxation		(52,597,500)	(135,698,525)
Taxation	6	-	(6,859,683)
Loss for the year		(52,597,500)	(142,558,208)
Other comprehensive income		-	-
Total comprehensive income attributable to equity holders of the Company		(52,597,500)	(142,558,208)
Loss per share (cents)	7		
Basic			(45 0)
Diluted			(45 0)

NORSEMAN GOLD PLC
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Other Reserves AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
Year ended 30 June 2013					
Balance at 1 July 2012	11,078,457	131,573,405	1,920,548	(184,848,237)	(40,275,827)
Net loss for 2013	-	-	(1,920,548)	(52,597,500)	(54,518,048)
	<u>11,078,457</u>	<u>131,573,405</u>	<u>-</u>	<u>(237,445,737)</u>	<u>(94,793,875)</u>
Total comprehensive income for the period					
Share issues	11,869,723	12,263,396	-	-	24,133,119
Share based expenses	-	-	-	-	-
Convertible loan note – equity element	-	-	-	-	-
	<u>11,869,723</u>	<u>12,263,396</u>	<u>-</u>	<u>-</u>	<u>24,133,119</u>
Balance at 30 June 2013	<u>22,948,180</u>	<u>143,836,801</u>	<u>-</u>	<u>(237,445,737)</u>	<u>(70,660,756)</u>

	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Other Reserves AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
Year ended 30 June 2012					
Balance at 1 July 2011	5,865,432	119,059,696	475,612	(42,290,029)	83,110,711
Net loss for 2012	-	-	-	(142,558,208)	(142,558,208)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(142,558,208)</u>	<u>(142,558,208)</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(142,558,208)</u>	<u>(142,558,208)</u>
Share issues	5,213,025	12,513,709	-	-	17,726,734
Share based expenses	-	-	775,634	-	775,634
Convertible loan note – equity element	-	-	669,302	-	669,302
	<u>5,213,025</u>	<u>12,513,709</u>	<u>1,444,936</u>	<u>-</u>	<u>17,726,734</u>
Balance at 30 June 2012	<u>11,078,457</u>	<u>131,573,405</u>	<u>1,920,548</u>	<u>(184,848,237)</u>	<u>(40,275,827)</u>

Other reserves of AUD\$1,920,548 at 30 June 2012 comprised a share-based payment reserve of AUD\$1,251,246 and a convertible loan note – equity element reserve of AUD\$669,302. These amounts were written off in 2013.

NORSEMAN GOLD PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Other Reserves AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
Year ended 30 June 2013					
Balance at 1 July 2012	11,078,457	131,573,405	1,920,548	(162,958,855)	(18,386,445)
Net loss for 2013	-	-	(1,920,548)	(23,744,855)	(25,665,393)
Total comprehensive income for the period	11,078,457	131,573,405	-	(186,703,710)	
Share issues	11,869,723	12,263,396	-	-	24,133,119
Share based expenses	-	-	-	-	-
Convertible loan note – equity element	-	-	-	-	-
Balance at 30 June 2013	22,948,180	143,836,801	-	(186,703,710)	(19,918,729)
	=====	=====	=====	=====	=====

	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Other Reserves AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
Year ended 30 June 2012					
Balance at 1 July 2011	5,865,432	119,059,696	475,612	(53,668,794)	71,731,946
Net loss for 2012	-	-	-	(109,290,061)	(109,290,061)
Total comprehensive income for the period	-	-	-	(109,290,061)	(109,290,061)
Share issues	5,213,025	12,513,709	-	-	17,726,734
Share based expenses	-	-	775,634	-	775,634
Convertible loan note – equity element	-	-	669,302	-	669,302
Balance at 30 June 2012	11,078,457	131,573,405	1,920,548	(162,958,855)	(18,386,445)
	=====	=====	=====	=====	=====

Other reserves of AUD\$1,920,548 at 30 June 2012 comprised a share-based payment reserve of AUD\$1,251,246 and a convertible loan note – equity element reserve of AUD\$669,302. These amounts were written off in 2013.

NORSEMAN GOLD PLC
GROUP BALANCE SHEET
AS AT 30 JUNE 2013

	<i>Notes</i>	<i>30 June 2013</i> <i>AUD\$</i>	<i>30 June 2012</i> <i>AUD\$</i>
ASSETS			
Non-Current Assets			
Property, plant and equipment	10	1,023,694	11,634,401
Mine properties in production phase	11	-	10,000,000
Exploration and evaluation assets	12	-	-
Goodwill	13	-	-
Deferred tax asset	6	-	-
		<u>1,023,694</u>	<u>21,634,401</u>
Current Assets			
Trade and other receivables	15	1,372,739	2,481,779
Inventories	16	2,171,493	2,804,660
Cash and cash equivalents	17	10,214,808	6,745,755
		<u>13,759,040</u>	<u>12,032,194</u>
Total Assets		<u><u>14,782,734</u></u>	<u><u>33,666,595</u></u>
LIABILITIES			
Current Liabilities			
Trade and other payables	18	4,520,701	22,730,583
Provisions for liabilities	19	1,937,538	2,311,870
Loans and borrowings	20	72,345,607	24,099,491
		<u>78,803,846</u>	<u>49,141,944</u>
Non-Current Liabilities			
Provisions for liabilities	19	6,639,644	6,460,176
Loans and borrowings	20	-	18,340,302
		<u>6,639,644</u>	<u>24,800,478</u>
Total Liabilities		<u>85,443,490</u>	<u>73,942,422</u>
Net (Liabilities)/Assets		<u><u>(70,660,756)</u></u>	<u><u>(40,275,827)</u></u>
EQUITY			
Capital and Reserves			
Share capital	21	22,948,180	11,078,457
Share premium account	21	143,836,801	131,573,405
Other reserves	22	-	1,920,548
Retained losses		(237,445,737)	(184,848,237)
Shareholders' Equity		<u><u>(70,660,756)</u></u>	<u><u>(40,275,827)</u></u>

The financial statements were approved by the Board of Directors on [XX January] 2014 and signed on its behalf by



Kevin Maloney DAVID STEINER
~~Chairman~~ DIRECTOR
Company Registration number 5380466

NORSEMAN GOLD PLC
COMPANY BALANCE SHEET
AS AT 30 JUNE 2013

	Notes	30 June 2013 AUD\$	30 June 2012 AUD\$
ASSETS			
Non- Current Assets			
Loan to subsidiary undertakings	14	-	-
Investment in subsidiary undertakings	14	-	-
Deferred tax asset	6	-	-
		<hr/>	<hr/>
Current Assets			
Trade and other receivables	15	24,326	2,272
Cash and cash equivalents		59,435	549,955
		<hr/>	<hr/>
		83,761	552,227
		<hr/>	<hr/>
Total Assets		83,761	552,227
		<hr/>	<hr/>
Liabilities			
Current Liabilities			
Trade and other payables	18	-	663,236
Loans and borrowings	20	20,002,490	1,036,726
		<hr/>	<hr/>
		20,002,490	1,699,962
		<hr/>	<hr/>
Non-Current Liabilities			
Loans and borrowings	20	-	17,238,710
		<hr/>	<hr/>
		-	17,238,710
		<hr/>	<hr/>
Total Liabilities		20,002,490	18,938,672
		<hr/>	<hr/>
Net (Liabilities)/Assets		(19,918,729)	(18,386,445)
		<hr/>	<hr/>
EQUITY			
Capital and Reserves			
Share capital	21	22,948,180	11,078,457
Share premium account	21	143,836,801	131,573,405
Other reserves	22	-	1,920,548
Retained losses		(186,703,710)	(162,958,855)
		<hr/>	<hr/>
Shareholders' Equity		(19,918,729)	(18,386,445)
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on [XX January] 2014 and signed on its behalf by



Kevin Maloney DAVID STEINBERG
Chairman DIRECTOR
 Company Registration number 5380466

NORSEMAN GOLD PLC
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	<i>Notes</i>	<i>Year ended 30 June 2013 AUD\$</i>	<i>Year ended 30 June 2012 AUD\$</i>
Net cash (outflow)/inflow from operating activities	26	(53,108,969)	(23,780,871)
Investing activities			
Funds used in mine properties & production	11	-	(19,716,367)
Funds used in exploration	12	(1,874,289)	(3,216,004)
Purchases of plant & equipment (net of disposals)	10	(637,375)	(3,063,577)
Net cash used in investing activities		(2,511,664)	(25,995,948)
Financing activities			
Cash proceeds from issue of shares	21	24,133,119	18,698,340
Share issue costs	21	-	(971,605)
Hire purchase financing		-	(5,067,540)
Cash proceeds from debt financing		-	11,496,263
Cash proceeds from related party financing		34,955,567	3,956,632
Cash proceeds from convertible loan note financing		-	17,908,012
Net cash from financing activities		59,089,686	46,020,102
Decrease in cash and cash equivalents		3,469,053	(3,756,717)
Cash and cash equivalents at beginning of year		6,745,755	10,502,472
Cash and cash equivalents at end of year		10,214,808	6,745,755

NORSEMAN GOLD PLC
COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	<i>Notes</i>	<i>Year ended 30 June 2013 AUD\$</i>	<i>Year ended 30 June 2012 AUD\$</i>
Net cash outflow from operating activities	26	(3 437,798)	(3,867,207)
Investing activities			
Loan granted to subsidiaries		(21,751,456)	(32,743,095)
Net cash used in investing activities		(21,751,456)	(32,743,095)
Financing activities			
Cash proceeds from issue of shares	21	24,133,119	18,698,340
Share issue costs	21	-	(971,605)
Cash proceeds from related party financing		565,615	1,036,726
Cash proceeds from convertible loan note financing		-	17,908,012
Net cash from financing activities		24,698,734	36,671,473
Increase/(decrease) in cash and cash equivalents		(490,520)	61,171
Cash and cash equivalents at beginning of year		549,955	488,784
Cash and cash equivalents at end of year		59,435	549,955

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 2006. The Parent Company's financial statements have also been prepared in accordance with IFRS and the Companies Act 2006.

1.2 Going concern

The Group incurred an operating loss before impairment charges of AUD\$35.7 million (after depreciation and amortisation charges of AUD\$3.7 million) and a net loss after tax of AUD\$52.6 million (including substantial provisions for asset impairments amounting to AUD\$10.0 million) for the year, which follows an operating loss of AUD\$46.0 million and net loss of AUD\$142.6 million for the previous financial year ended 30 June 2012. The Group continues to operate at a loss from operations.

The operating loss in the current year was as a result of the unsuccessful restructuring of the operations where a project management company was appointed to take over the management of the Project on the Group's behalf and lower than anticipated gold production from all operations at the Company's Norseman Project and increased fixed cost of operations. During the financial year the wholly owned subsidiary, Central Norseman Gold Corporation Limited ("CNGC"), was placed in external administration on 3 October 2012. This has resulted in a significant impairment to the value of the assets.

The external administration process was funded by Tulla Resources Group Pty Ltd ("Tulla"), the major shareholder and secured creditor of the Company.

The external administrator prepared a report to creditors in accordance with section 439A of the Corporations Act (Australia). As part of this process, a Deed of Company Arrangement ("DOCA") was proposed by the Company and Tulla for CNGC. The external administrator recommended to the creditors of CNGC that, in the opinion of the Administrator, subject to the assumptions and qualifications contained in the report, that it was in the interest of creditors to approve the execution of a DOCA. This was considered and approved by creditors on 21 February 2013. The DOCA was executed on 11 March 2013 and subsequently varied on 24 April 2013 and wholly effectuated on 2 May 2013. The effect of the DOCA was to compromise the creditors of CNGC, however certain related party creditors and secured creditors did not participate in the DOCA and these liabilities remain.

The Group is dependent on cash flows generated from its mining operations to fund its ongoing activities. During the year, capital raisings via share placements were undertaken and related party loans. The existing secured loan facility from EXP T1 Ltd was novated to Farrer Place Holdings Pty Ltd, an entity associated with Tulla, during the financial year.

The gold production from the Project continued to fall well short of expectations.

The Harlequin mine was placed on care & maintenance and the operations of the North Royal Open Pit were suspended. These actions have had a significant impact on the operating performance and also the Group has incurred significant restructure costs as part of a strategic review of the Project overall.

As a result of the external administration and settlement of the DOCA, operational funding has continued with the support of the Tulla.

The Group had cash of AUD\$1.1 at 1 July 2013 and the restructuring work continues. Management have prepared short to medium term production plans. The Directors have reviewed these plans with the intent to maximise the cash generated by mine. The plans indicate net operating cash inflows over the next 12 months (excluding debt servicing of capital and interest due). The plans prepared have been prepared on the basis of continued production until April 2014. Previous production plans have not, however, been met and as such there is a risk that the Group will not be able to continue as a going concern.

1.2 Going concern (continued)

The resource and reserve position is currently being reviewed and the indications are that there will be a significant reduction in the amount of reserves available and the amount and quality of resources available which means that it is highly unlikely that a suitable and commercial medium to long term mine plan will be developed. In addition, in order to keep the mining and exploration tenements in good standing, the Group has exploration expenditure commitments of AUD\$6.3 million due within 12 months of the year ended 30 June 2013 (see note 24). These were met in the year ended 30 June 2013. These exploration expenditure commitments need to be met or the assets may be at risk of forfeiture unless expenditure exemptions are approved.

The Group requires additional working capital and the Norseman Project must continue to generate sufficient funds from short term production to enable the Group to continue to trade for the foreseeable future while the medium term plans are further developed and implemented.

Currently, the Group is reliant upon Tulla to provide adequate working capital to continue the operations and Tulla have indicated that they currently plan to continue to financially support the Group for the time being. The security arrangements for this working capital facility from Tulla and funds advanced for the external administration process have not yet been finalised. In addition, the Secured Loan Facility and Secured Convertible Loan Notes terms and conditions have been breached. A proposal is being prepared and a meeting will be called of the Secured Convertible Loan Noteholders to seek noteholder approval to restructure and renegotiate these obligations. The Group is currently accruing the interest due on these facilities.

There can be no guarantee or certainty that Tulla will continue to provide the required funds or that the Secured Loan Facility and Secured Convertible Loan Notes will be restructured. Other sources of funds may be required which may take some time to arrange. Material uncertainties therefore exist that may cast significant doubt on the Company's and Group's ability to continue as a going concern and its ability to meet its commitments and discharge its liabilities in the normal course of business for a period of at least twelve months from the date of approval of these financial statements.

Nevertheless after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company and Group will have adequate cash resources to continue to operate for the foreseeable future. For these reasons the financial statements have been prepared on a going concern basis.

The financial statements do not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts, or classification of, recorded assets or liabilities that might be necessary should the Company and Group not be able to continue as a going concern.

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.

1.5 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.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 5 Deferred taxation(continued)

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. Norseman Gold plc and its wholly owned subsidiaries have implemented Australian tax consolidation legislation. The head entity, Norseman Gold plc and the subsidiaries in the tax consolidation group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the tax consolidation group continues to be a stand-alone taxpayer in its own right.

1 6 Mine properties in production phase and 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 7 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 for impairment 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 8 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	10% - 50%
Mobile Equipment	20% - 33%
Fixed Plant & Equipment	13% - 33 33%
Office Equipment	10% - 33 33%
Land and Buildings	0% - 20%

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 9 Inventories

(i) Gold Bullion

Gold bullion on hand is carried at net realisable value. Net realisable value is the value anticipated to be realised based on the average gold price achieved for sales carried out in the current month.

(ii) 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.

(iii) 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. Revenue from the sale of electricity to the regional power authority is recognised and invoiced monthly, based on the metered number of kilowatt hours of electricity supplied, at an agreed rate per kilowatt hour.

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, cash in transit between banks, and 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 for liabilities

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.

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 expenses

The Company incurred share-based expenses upon the issue of share options to certain directors, contractors and employees 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.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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, including the parent company, are measured and presented in AUD\$

(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

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

1 18 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

I 19 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.

I 20 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 tangible and intangible assets

Determining whether a tangible or 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 Group 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 values 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.

Amortisation of Mining Properties in Production Phase assets

Mining Properties in Production Phase assets 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 expenses. For option-based share-based expenses, management estimates 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.

NORSEMAN GOLD PLC
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1 21 New standards and interpretations not applied

At the date of approval of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective. These new Standards, Amendments and Interpretations are effective for accounting periods beginning on or after the dates shown below.

<i>International Financial Reporting Standards (IFRS/IFRIC)</i>		<i>Effective date</i>
IFRS 9	Financial Instruments – deals with classification and measurement of financial assets	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IAS19 (amended)	Employee Benefits – revisions to recognition, measurement, disclosure	1 January 2013
IFRS7/IAS32 (amended)	Offsetting Financial Assets and Financial Liabilities – new disclosure requirements	1 January 2013/ 1 January 2014
IAS 27	Separate Financial Statements	1 January 2013

The Group has not adopted these amended standards and interpretations early. 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 periods of initial application.

2 Segmental reporting

For the purposes of segmental information, the Group has determined that its operations are confined to a single operating segment, located in a single geographical region, Australia. All material revenue is derived from the development of mineral resources from its Norseman Gold Project in Australia, which is the Group's sole cash generating unit.

Revenues are generated from the production of precious metals, principally gold, and to a lesser extent, silver. Prior to 29 June 2011 precious metals were sold to either the local, government controlled Perth Mint directly, or through the trading desk of a large Australian based trading bank. From 29 June 2011 gold was sold pursuant to a Gold Sale and Purchase Deed to EXP T1 Ltd a trader of metals and commodities operating under the laws of the Cayman Islands, silver continued to be sold to the government controlled Perth Mint.

This operating segment generated loss before tax of AUD\$52,597,500 (2012 loss AUD\$135,698,525) from total assets of AUD\$14,782,734 (2012 AUD\$33,666,595) and net liabilities of AUD\$70,660,756 (2012 net liabilities of AUD\$40,275,827). These losses, assets and liabilities are measured, recorded and reported in Australian dollars.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
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3 Group operating loss

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

	<i>Year ended 30 June 2013 AUD\$</i>	<i>Year ended 30 June 2012 AUD\$</i>
Employee costs, excluding share-based payments	15,761,258	23,587,418
Exploration costs written off (note 12)	1,874,289	683,715
Depreciation (note 10)	3,677,584	8,231,189
Amortisation of mining assets (note 11)	-	3,956,587
Share-based payments (note 22)	-	775,634
AIM advisor fees and costs	57,280	68,281
	<u> </u>	<u> </u>
Auditors' remuneration		
- UK (Group and Parent Company audit services)	7,910	63,832
- Australia (subsidiary company audit services)	87,180	108,000
Auditors' remuneration for non-audit services		
- UK corporate finance	-	-
- Australia consultancy services	-	5,500
	<u> </u>	<u> </u>
	<u>95,090</u>	<u>177,332</u>

4. Other operating income

Group	<i>Year ended 30 June 2013 AUD\$</i>	<i>Year ended 30 June 2012 AUD\$</i>
Electricity sales income	2,324,501	2,264,703
Rental income	11,110	61,910
Sundry income	-	-
	<u> </u>	<u> </u>
	<u>2,335,611</u>	<u>2,326,613</u>

5. Interest payable

Group	<i>Year ended 30 June 2013 AUD\$</i>	<i>Year ended 30 June 2012 AUD\$</i>
Interest on debt, convertible loan notes, related party financings and other	<u>7,038,702</u>	<u>2,565,484</u>

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
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6 Taxation

	<i>Year ended 30 June 2013 AUD\$</i>	<i>Year ended 30 June 2012 AUD\$</i>
Current tax		
Current corporation tax (credit) / charge		-
Credit for over-accrual of tax in prior years		-
Deferred tax asset (DTA) recognition		17,755,270
Deferred tax liability		(10,895,587)
Total current tax charge/(credit) as reported in loss		6,859,683
The current tax charge for the period can be reconciled to the loss per income statement as follows		
Group loss before tax		(135,698,525)
Tax at the Australian corporation tax rate of 30%		(40,709,557)
Tax effects of		
Effect of timing differences		
- Exploration & evaluation and mine properties		205,114
- Other		-
Share based expenses		232,690
Other non-deductible expenses		26,266,145
Tax losses not recognised		14,005,608
Adjustment to prior year DTA & DTL recognition		6,859,683
Credit for over-accrual of tax in prior years		-
Total current tax charge/(credit) as reported in loss		6,859,683

The tax benefits of the 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

Factors that may affect future tax charges

At the year-end date, the Group has unused tax losses available for offset against suitable future profits of approximately **AUD\$xx million (2012: AUD\$86 million)**. A resulting deferred tax asset has not been recognised in respect of such losses due to the uncertainty of future profit streams

NORSEMAN GOLD PLC
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7 Loss per share

The basic loss per ordinary share has been calculated using the loss for the financial year of AUD\$52,597,500 (2012 loss of AUD\$142,558,208) and the weighted average number of ordinary shares in issue of ~~xxx (2012- 316,893,017)~~. The diluted weighted average number of shares in issue has not been used and the diluted loss per share has been kept the same as the basic loss per share because the conversion of share options and share warrants would decrease the basic loss per share, and is thus anti-dilutive.

8 Holding company income statement

In accordance with the provisions of the Section 408 of the Companies Act 2006, the Parent Company has not presented an income statement. A loss for the year ended 30 June 2013 of AUD\$23,744,855 (30 June 2012 loss of AUD\$109,290,061) has been included in the Company and Group income statements. The loss includes the income tax expense of AUD\$ Nil (2012 income of AUD\$6,859,683).

9 Employee costs

Group

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

	<i>Year ended 30 June 2013</i>	<i>Year ended 30 June 2012</i>
	<i>AUD\$</i>	<i>AUD\$</i>
Wages, salaries and fees	14,672,117	21,544,604
Social security & superannuation costs	1,089,141	2,042,814
Share based expenses	-	32,971
	<u>15,761,258</u>	<u>23,620,389</u>

Further details of the directors' remuneration are shown in the Directors' Report

Group	<i>Year ended 30 June 2013</i>	<i>Year ended 30 June 2012</i>
	<i>Number</i>	<i>Number</i>

The average numbers of employees during the year were

<i>Area</i>	
Exploration	20
Administration	15
Mining	110
Processing (Mill)	17
Engineering (Maintenance)	37
Corporate	5
	<u>204</u>

NORSEMAN GOLD PLC
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10 Property, plant & equipment					
Group	Land and Buildings AUD\$	Fixed Plant and equipment AUD\$	Mine Infrastructure and mobile equipment AUD\$	Capital works in progress AUD\$	Total AUD\$
Cost					
At 1 July 2012	2,103,509	7,249,346	26,786,146	-	36,139,001
Additions	-	-	353,965	283,410	637,375
Disposals	-	(1,611,328)	(13,622,194)	-	(15,233,522)
Impairment charge	(583,017)	995,567	(412,550)	-	-
At 30 June 2013	1,520,492	6,633,585	13,105,367	283,410	21,542,854
Depreciation					
At 1 July 2012	(585,009)	(6,928,995)	(16,990,596)	-	(24,504,600)
Charge for year	(195,199)	-	(3,482,385)	-	(3,677,584)
On disposals	-	295,410	7,367,614	-	7,663,024
At 30 June 2013	(780,208)	(6,633,585)	(13,105,367)	-	20,519,160
Net book value					
30 June 2013	740,284	-	-	283,410	1,023,694
30 June 2012	1,518,500	320,351	9,795,550	-	11,634,401

Group	Land and Buildings AUD\$	Fixed Plant and equipment AUD\$	Mine Infrastructure and mobile equipment AUD\$	Capital works in progress AUD\$	Total AUD\$
Cost					
At 1 July 2011	1,600,207	9,474,704	30,439,032	4,416,073	45,930,016
Additions	76,843	2,679,192	707,766	-	3,463,801
Disposals	-	-	(269,729)	(399,435)	(669,164)
Impairment charge	426,459	(4,904,550)	(4,090,923)	(4,016,638)	(12,585,652)
At 30 June 2012	2,103,509	7,249,346	26,786,146	-	36,139,001
Depreciation					
At 1 July 2011	(423,666)	(5,020,578)	(11,098,107)	-	(16,542,351)
Charge for year	(161,343)	(1,908,417)	(6,161,429)	-	(8,231,189)
On disposals	-	-	268,940	-	268,940
At 30 June 2012	(585,009)	(6,928,995)	(16,990,596)	-	(24,504,600)
Net book value					
30 June 2012	1,518,500	320,351	9,795,550	-	11,634,401
30 June 2011	1,176,541	4,454,126	19,340,925	4,416,073	29,387,665

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
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10 Property, plant & equipment (continued)

Plant and equipment pledged as security for liabilities

Included in mobile equipment is equipment which has been pledged as security for the related finance lease liabilities in current and non-current liabilities as disclosed in Note 20. All items of mobile equipment were returned to the financiers when CNGC was placed in external administration in October 2012.

11 Mine properties in production phase

	<i>Year ended</i> <i>30 June 2013</i>	<i>Year ended</i> <i>30 June 2012</i>
Group	<i>AUD\$</i>	<i>AUD\$</i>
At 1 July	10,000,000	50,254,012
Mining expenditure incurred during the year	-	19,716,367
Transferred from exploration & evaluation assets (note 12)	-	-
Amortisation during the year	-	(3,956,587)
Impairment charge during the year	(10,000,000)	(56,013,792)
	<hr/>	<hr/>
As at 30 June	-	10,000,000
	<hr/>	<hr/>

Expenditure on developing mine properties in production represents costs incurred in relation to development of operating mines at the Group's operations at Norseman. The Directors review this carrying value periodically to ensure the carrying value will be recovered by ongoing mining activities. During the year, two mines were placed on care and maintenance and one mine subsequent to the end of the financial period. The Directors have assessed the carrying values of the capitalised mine development costs against these operations and impaired the value of those assets down to the estimated recoverable amount. Should a decision be made in the future to reopen any of these operations a further assessment of these values will be made and in particular whether a reversal of the impairment charges are justified.

12 Exploration & evaluation assets

	<i>Year ended</i> <i>30 June 2013</i>	<i>Year ended</i> <i>30 June 2012</i>
Group	<i>AUD\$</i>	<i>AUD\$</i>
Costs carried forward in respect of areas of interest in		
Exploration and evaluation phases:		
At 1 July	-	16,422,085
Exploration expenditure incurred during the year	1,874,289	3,216,004
Transferred to Mine Properties (note 11)	-	-
Exploration expenditure written off	(1,874,289)	(683,715)
Impairment charge	-	(18,954,374)
	<hr/>	<hr/>
As at 30 June	-	-
	<hr/>	<hr/>

The amounts for 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 carrying values of the capitalised E&E costs taking into account the current level of operations of the Group and have fully impaired the E&E assets as at 30 June 2013.

NORSEMAN GOLD PLC
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FOR THE YEAR ENDED 30 JUNE 2013

13 Goodwill

Group	<i>Year ended 30 June 2013 AUD\$</i>	<i>Year ended 30 June 2012 AUD\$</i>
Cost		
At 1 July	-	44,983,622
Amortisation and impairment		
At 30 June	-	(44,983,622)
Impairment charge for year	-	-
Net book value		
At 30 June	-	-

Goodwill arose on the acquisition of the Company's subsidiary undertakings. The Group tests goodwill for impairment at each reporting date and was fully impaired in the prior financial year (see note 14 below)

14 Investments in subsidiary undertakings

	<i>Loans to subsidiary undertakings AUD\$</i>	<i>Shares in subsidiary undertakings AUD\$</i>	<i>Total AUD\$</i>
Company			
Cost			
At 1 July 2012	-	-	-
Loans made to subsidiaries in the year	21,751,456	-	21,751,456
Provisions for impairment	(21,751,456)	-	(21,751,456)
At 30 June 2013	-	-	-
	<i>Loans to subsidiary undertakings AUD\$</i>	<i>Shares in subsidiary undertakings AUD\$</i>	<i>Total AUD\$</i>
Company			
Cost			
At 1 July 2011	32,630,535	31,379,536	64,010,071
Loans made to subsidiaries in the year	32,743,095	-	32,743,095
Provisions for impairment	(65,373,630)	(31,379,536)	(96,753,166)
At 30 June 2012	-	-	-

The loans due from subsidiaries are interest free, unsecured and repayable to the Company in more than one year with no fixed repayment terms

Impairment reviews on the value of investments in and loans to subsidiaries are carried at each reporting date. When events or changes in circumstances indicate that the carrying amount of loans or investments may not be supported by future net revenues from the subsidiaries a comparison between the net book value of the loans and investments and the discounted future cash flows from the subsidiary's undertakings is performed. As the main subsidiary executed a DOCA in the year and continues to be loss making, the Directors have decided that a full impairment should be made for the investments in, and loans to, subsidiaries.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

14 Investments in subsidiary undertakings (continued)

Subsidiary undertakings*

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

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

** Pangolin Resources Pty Ltd ("Pangolin") is a subsidiary of Central Norseman Gold Corporation Limited

15 Trade and other receivables

	<i>30 June 2013</i>		<i>30 June 2012</i>	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Other receivables	1,098,461	24,326	1,894,502	2,272
Prepayments	274,278	-	587,277	-
	<u>1,372,739</u>	<u>24,326</u>	<u>2,481,779</u>	<u>2,272</u>

16 Inventories

	<i>30 June 2013</i>		<i>30 June 2012</i>	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Gold bullion – at net realisable value	-	-	3,038	-
Work in progress – at cost				
- Ore stockpiles	517,621	-	495,044	-
- Gold in circuit	277,776	-	749,563	-
Raw materials and stores				
- net realisable value	1,376,096	-	1,557,015	-
	<u>2,171,493</u>	<u>-</u>	<u>2,804,660</u>	<u>-</u>

The raw materials and stores have been impaired to net realisable value based on an independent review which was undertaken whilst CNGC was in external administration

17 Cash and cash equivalents

Included in the total cash and cash equivalents are restricted cash deposits of AUD \$10,214,808 (2012 AUD\$6,142,786) which are held as security against the obligations for restoration and decommissioning expenditure under the mining production and exploration licences

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

18 Trade and other payables

	<i>30 June 2013</i>		<i>30 June 2012</i>	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Trade accruals	1,859,903	-	15,172,089	67,742
Other payables	2,267,798	-	7,558,494	595,494
	<u>4,520,701</u>	<u>-</u>	<u>22,730,583</u>	<u>663,236</u>

19 Provisions for liabilities

Group	<i>Employees Benefits AUD\$</i>	<i>Restoration and decommissioning AUD\$</i>	<i>Total AUD\$</i>
Current			
At 1 July 2012	2,311,870	-	2,311,870
Charge to income statement	(374,332)	-	(374,332)
	<u>1,937,538</u>	<u>-</u>	<u>1,937,538</u>
As at 30 June 2013			
Non-current:	<i>Employees Benefits AUD\$</i>	<i>Restoration and decommissioning AUD\$</i>	<i>Total AUD\$</i>
At 1 July 2012	47,242	6,412,934	6,460,176
Charge to income statement	179,465	3	179,468
	<u>226,707</u>	<u>6,412,937</u>	<u>6,639,644</u>
As at 30 June 2013			

The Directors have considered environmental issues and the need for any necessary provision for the cost of rectifying any environmental disturbance, 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 disturbance

NORSEMAN GOLD PLC
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20 Loans and borrowings

	30 June 2013		30 June 2012	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
Current				
Obligations under finance leases	-	-	5,146,596	-
Finance facility			14,996,263	-
Finance facility – Related party	16,671,633	-	-	-
Related party loans	36,491,284	820,400	3,956,632	1,036,726
Convertible loan notes	9,182,690	9,182,690	-	-
	<u>62,345,607</u>	<u>10,002,490</u>	<u>24,099,491</u>	<u>1,036,726</u>
Non-current				
Obligations under finance leases	-	-	1,101,592	-
Convertible loan notes – Related party	10,000,000	10,000,000	17,238,710	17,238,710
	<u>10,000,000</u>	<u>10,000,000</u>	<u>18,340,302</u>	<u>17,238,710</u>

Finance Facility

The Finance Facility is a secured facility which was provided to Central Norseman Gold Corporation Limited by EXP T1 Ltd and novated to Farrer Place Holdings Pty Ltd (a related party of Tulla) ("Farrer") on 3 October 2012

Key conditions of this secured facility are as follows

- Facility limit – AUD\$15,000,000
- Repayment – repayable in full by 1 July 2013. The secured lender, Farrer has not called for the repayment of the loan on 1 July 2013
- Interest - calculated at 600 basis points above the daily mean of the 3 month LIBOR quoted for the month of calculation,
- The security provided is a first ranking fixed and floating charge over the assets of CNGC, a first ranking mortgage over all of the mining leases held by CNGC, a first ranking mortgage over all the mining leases held by Pangolin, a second ranking mortgage over all exploration licences held by CNGC and a first ranking general security agreement over all of the assets of CNGC as well as by a Deed of Guarantee from the Company ("Farrer Security")

Convertible Loan Notes

(a) Introduction

There are 2 types of Convertible Loan Notes

- £5,087,000 10% Secured Convertible Loan Notes convertible at £0.06 (6 pence) for every £1 of nominal value and convertible up until 25 October 2013 (**2013 Notes**). The security provided for the 2013 Notes is a second ranking fixed and floating charge over the assets of CNGC, a second ranking mortgage over all of the mining leases held by CNGC, a second ranking mortgage over all mining leases held by Pangolin, a third ranking mortgage over all exploration licences held by CNGC and a second ranking general security agreement over all of the assets of CNGC ("**Noteholder Security**"), and
- AUD\$10,000,000 10% Secured Convertible Loan Notes issued to Tulla (a related party) are convertible at £0.06 (6 pence) for every £1 of nominal value and convertible up until 10 February 2015 (**2015 Notes**). The security provided for the 2015 Notes is a first ranking mortgage over the exploration licences held by CNGC, a second ranking mortgage over all the mining leases held by CNGC, a second ranking mortgage over all the mining leases held by Pangolin and a second ranking general security agreement over all of the assets of CNGC ("**Tulla Security**").

The 2013 Notes were issued pursuant to a Convertible Loan Note Instrument dated 25 October 2011, as amended by

NORSEMAN GOLD PLC
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20 Loans and borrowings (continued)

a deed of amendment dated 13 January 2012, and the 2015 Notes were issued pursuant to a Convertible Loan Note Instrument dated 14 February 2012

Pursuant to a deed of priority dated 30 March 2012, save for the Tulla Security in relation to the exploration licences, the Farrer Security ranks first in priority and the Tulla Security and the Noteholder Security rank second in priority, *pari passu* and without preference. The order of priority in relation to the exploration licences only is as follows first, the Tulla Security, second, the Farrer Security and third, the Noteholder Securities

(b) Conversion period

Each Convertible Loan Note may be converted at any time into Ordinary Shares within the relevant 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 and expires on the last day of the term of the Convertible Loan Note

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

(c) Value, conversion price and redemption

Each Convertible Loan Note bears interest at a rate of 10% and is convertible at a price of £0.06 (6 pence) for every £1 of nominal value

Any right of conversion may only be exercised in multiples of Convertible Loan Notes (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 Convertible Loan Notes shall be redeemed in full on the maturity date in cash or may be redeemed by the Company in cash at any time provided that the ordinary shares have traded at a volume weighted average price on AIM in excess of £0.12 (12 pence) for a period of 10 business days immediately preceding the date which the redemption notice is given

The holders of the Convertible Loan Notes may also require the Company to redeem the Convertible Loan Notes on the occurrence of certain events of default in accordance with their terms

Interest has not been paid on the convertible notes since 1 October 2012 and discussions have been held to amend the security arrangements. At this stage these negotiations have not concluded

Finance leases

As a result of the external administration, the assets pledged as security were returned to the financiers during the financial year. The total amount of finance lease payments due after 30 June 2013 was Nil (30 June 2012) AUD\$5,991,178

Related party loans

The related party loans are currently unsecured with interest being accrued at 10% per annum. No interest has been paid during or since the end of the financial year

Included in this balance is AUD\$60,000 due to Ascent Capital Limited, a company associated with Gary Steinepreis and AUD\$36,491,284 due to Tulla, a company associated with Kevin Maloney. These balances were converted to equity subsequent to the end of the financial year (note 29)

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21 Share capital

			30 June 2013 £	30 June 2012 £	
Allotted, called up and fully paid					
Ordinary shares of 1 25p each			13,965,028	6,152,528	
			AUD\$	AUD\$	
Allotted, called up and fully paid					
Ordinary shares of 1 25p each			22,948,180	11,078,457	
Movement in issued and fully paid capital and share premium reserve					
	<i>Number</i>	<i>Issued and fully paid capital £</i>	<i>Share premium reserve £</i>	<i>Issued and fully paid capital AUD\$</i>	<i>Share premium reserve AUD\$</i>
Total as at 30 June 2011	219,942,222	2,749,278	58,411,652	5,865,432	119,059,696
Issued on 9 December 2011	138,260,000	1,728,250	5,184,750	2,664,585	7,993,755
Issued on 14 March 2012	50,000,001	625,000	1,397,300	933,188	2,066,812
Issued on 30 April 2012	20,000,000	250,000	520,400	389,950	810,050
Issued on 22 June 2012	64,000,000	800,000	1,707,136	1,225,302	2,614,697
Share issue expenses	-	-	-	-	(971,605)
Total as at 30 June 2012	492,202,223	6,152,528	67,221,238	11,078,457	131,573,405
Issued on 26 July 2012	73,830,333	922,879	996,709	1,397,498	1,555,715
Issued on 27 August 2012	243,693,253	3,046,166	3,289,859	4,630,173	5,117,557
Issued on 16 January 2013	100,000,000	1,250,000	1,350,000	1,900,000	2,100,000
Issued on 16 January 2013	207,476,414	2,593,455	2,800,932	3,942,052	4,357,006
Share issue expenses	-	-	-	-	(866,882)
Total as at 30 June 2013	1,117,202,223	13,965,028	75,658,738	22,948,180	143,836,801

Shares issued in the year ended 30 June 2013

On 26 July 2012, the number of Ordinary shares issued and fully paid was increased from 492,202,223 Ordinary Shares of £0 0125 each to 566,032,556 Ordinary shares of £0 0125. This related to an issue of shares at an issue price of £0 0265.

On 27 August 2012, the number of Ordinary shares issued and fully paid was increased from 566,032,556 Ordinary shares of £0 0125 each to 809,725,809 Ordinary shares of £0 0125. This related to an issue of shares at an issue price of £0 0263.

On 16 January 2013, the number of Ordinary shares issued and fully paid was increased from 809,725,809 Ordinary shares of £0 0125 each to 909,725,809 Ordinary shares of £0 0125. This related to an issue of shares at an issue price of £0 0263.

On 16 January 2013, the number of Ordinary shares issued and fully paid was increased from 909,725,809 Ordinary shares of £0 0125 each to 1,117,202,223 Ordinary shares of £0 0125. This related to an issue of shares at an issue price of £0 0263.

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 2013

22 Share-based payments

Year ended
30 June 2013
AUD\$

Year ended
30 June 2012
AUD\$

The Group recognised the following charge in the income statement in respect of its share-based payments plans

Share option and warrant charge - 775,634

Other reserves:

AUD\$

At 1 July 2012 – share-based payments reserve 775,634
Share-based payments – options and warrants expenses -
Reserve Balance written off (775,634)
Convertible loan note equity element (note 20) -

At 30 June 2013 – total other reserves -

Share options and warrants outstanding

The details of share options and warrants outstanding at 30 June 2012 are as follows

Number of
Share options and warrants

At 1 July 2012 275,666,660
Options expired and lapsed or cancelled in the year (38,000,000)
Options and warrants issued during the year

At 30 June 2013 273,666,660

Share options and warrants charge

Valuation methodology

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

	<i>Employee Options</i>	<i>Director Options</i>	<i>Incentive Options</i>	<i>April 2012 Warrants</i>	<i>Financier Warrants</i>	<i>Apr 2012 Tulla Warrants</i>	<i>June 2012 Tulla Warrants</i>	<i>CLN Warrants</i>
Share Price	\$0.92	£0.051	£0.05	£0.038	£0.046	£0.038	£0.026	£0.046
Exercise price	\$1.04	£0.12	£0.12	£0.12	£0.12	£0.12	£0.12	£0.12
Expected volatility	39.6%	21.4%	52.0%	41.4%	50.6%	41.4%	67.9%	49.1%
Option life	5 years	5 years	5 years	18 months	2 years	3 years	3 years	2 years
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Risk free rate	4.75%	4.25%	4.00%	4.00%	4.25%	4.00%	4.00%	4.25%

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

22 Share-based payments (continued)

The volatility percentage used is the actual volatility in the Company's share price as quoted on the ASX for the period immediately prior to the issue date of the options and warrants

Options and warrants issued

6,800,000 share options exercisable at \$1.04 were granted to various employees under an Unapproved Employee Share Option Plan approved by the Board on 28 March 2007 and amended pursuant to a resolution of the Board approved on 15 August 2007 and further amended pursuant to a resolution of the Board dated 24 March 2009. Subsequent to their issue, 4,750,000 options have lapsed by virtue of the awardees terminating their employment with the group, leaving 2,050,000 of these options on issue. The options were issued on 24 January 2011, have a 24 month vesting period from date of issue and expire on 24 January 2016 ("**Employee options**").

2,500,000 share options exercisable at \$1.04 were granted under an Unapproved Employee Share Option Plan approved by the Board on 28 March 2007 and amended pursuant to a resolution of the Board approved on 15 August 2007 and further amended pursuant to a resolution of the Board dated 24 March 2009. These options were issued on 28 April 2011 and have a 24 month vesting period, and an expiry date of 28 April 2016. These options were relinquished and reissued on 9 December 2011 with an exercise price of £0.12 with a 24 month vesting period and an expiry date of 9 December 2016 ("**Director options**").

1,500,000 share options exercisable at \$0.41 were granted to a long term contractor of the Company's subsidiary Central Norseman Gold Corporation Ltd, approved by the Board on 28 April 2011. The options were issued on 6 May 2011, have a 24 month vesting period and an expiry date of 6 May 2016. These options were relinquished and reissued on 24 January 2012 with an exercise price of £0.12 with a 24 month vesting period and an expiry date of 24 January 2017 ("**Incentive options**").

38,000,000 warrants to acquire ordinary shares exercisable at £0.12 were issued to various parties including related parties and EXP T1 Ltd, as approved by shareholders in general meeting held on 30 March 2012. The warrants were issued on 27 April 2012 and have an expiry date of 27 April 2013 ("**April 2012 warrants**").

3,000,000 warrants to acquire ordinary shares were issued to EXP T1 Ltd (part of the Red Kite group) on 1 July 2011 as part of a finance package provided by the Red Kite group to the Group. The options were first issued on 1 July 2011 with an exercise price \$0.30 and an expiry date of 1 July 2013. These warrants were relinquished and reissued on 15 December 2011 with an exercise price of £0.12 and an expiry date of 4 November 2013 ("**Financier warrants**").

84,783,327 warrants to acquire ordinary shares exercisable at £0.12 were issued to various holders of Convertible Loan Notes. The warrants were issued on 15 December 2011 and have an expiry date of 25 October 2013 ("**CLN warrants**").

111,833,333 warrants to acquire ordinary shares exercisable at £0.12 were issued to various parties including the Tulla group and a then-director of the Company, as approved by shareholders in general meeting held on 30 March 2012. The warrants were issued on 27 April 2012 and have an expiry date of 27 April 2015 ("**April 2012 Tulla warrants**").

32,000,000 warrants to acquire ordinary shares exercisable at £0.12 were issued to Tulla group companies as approved by shareholders in general meeting held on 8 June 2012. The warrants were issued on 22 June 2012 and have an expiry date of 22 June 2015 ("**June 2012 Tulla warrants**").

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

23 Financial instruments

Interest Rate Risk

At 30 June 2013, the Group had Australian Dollar cash deposits of AUD\$10,214,808 (30 June 2012 AUD\$6,745,755). 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 2013 AUD\$</i>	<i>Non - Interest Bearing 30 June 2013 AUD\$</i>	<i>Floating interest rate 30 June 2013 AUD\$</i>	<i>Non - Interest Bearing 30 June 2013 AUD\$</i>
<i>Financial assets</i>				
Cash at bank and in hand	10,214,808	-	6,745,755	-

The effective weighted average interest rate was xx% (30 June 2012: 3%)

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 have recognised that this is an area in which they needed to develop specific policies should the Group become exposed to further financial risks as the business develops. A Financial Risk Management Policy was adopted and implemented in May 2010.

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 in line with its Financial Risk Management Policy.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

24 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 2013		30 June 2012	
	Group	Company	Group	Company
	AUD\$	AUD\$	AUD\$	AUD\$
As at the balance sheet date the aggregate amount payable is				
Within not more than one year	6,317,600	-	6,317,600	-

These exploration expenditure commitments need to be met or the assets will be at risk of forfeiture unless expenditure exemptions are approved. Refer to note 12 Going concern. The exploration commitments for the year ended 30 June 2013 were met.

25 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 2013, was as follows:

	Note	Fees/Salaries AUD\$	Share based payments AUD\$	2013 Total AUD\$	2012 Total AUD\$
Kevin Maloney	1	-	-	-	-
David Steinepreis		82,836	-	82,836	440,482
Gary Steinepreis	2	-	-	-	200,076
Kelvin May	3	-	-	-	18,923
Totals		82,836	-	82,836	1,045,996

Notes

- 1 Mr Kevin Maloney was appointed a director on 13 July 2012.
- 2 Mr G Steinepreis's services are provided by Leisurewest Consulting Pty Ltd and additional services were provided by Ascent Capital Holdings Pty Ltd (Ascent Capital) when required by the Board.
- 3 Mr May was appointed a director on 16 February 2012 and resigned on 13 July 2012. He has been paid as an employee of the Company's subsidiary, Central Norseman Gold Corporation Ltd, since October 2010. Upon his appointment as a director Mr May was paid a directors fee of AUD\$60,000 per annum in addition to his remuneration as an employee.

Other transactions with related parties

The Group has entered into contracts for service with entities related to Mr Kevin Maloney and Tulla. The arrangements are being shown as related party even though Mr Kevin Maloney was only appointed to the Board on 13 July 2012. The services related to the Norseman Gold operations. JLM Transport & Logistics Pty Ltd received AUD\$684,820 of fees and was a creditor in the amount of AUD\$2,587,058 as per the report of the Administrator. L2 Drilling Pty Ltd paid expenses on behalf of CNGC relating to flights for employees in the amount of AUD\$569,280 and was not reimbursed.

Included within loans and borrowing is an amount of AUD\$16,671,633 due to Farrer Place Holdings Pty Ltd, a corporation associated with the Tulla.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

26 Net cash flows from operating activities

Group	<i>Year ended 30 June 2013 AUD\$</i>	<i>Year ended 30 June 2012 AUD\$</i>
Group operating loss before impairments	(35,744,204)	(45,972,402)
<i>Adjustments for items not requiring an outlay of funds</i>		
Depreciation and amortisation	3,677,584	12,187,776
Exploration expenditure written off	1,874,289	683,715
Profit on sale of financial assets available-for-sale	-	-
Provision for obsolescence and rehabilitation	-	-
Share-based payments charge	-	775,634
	<u>(30,192,331)</u>	<u>(32,325,277)</u>
Net cash outflow before changes in working capital		(32,325,277)
Decrease in inventories (Note a)	663,167	4,264,102
Decrease/(increase) in receivables and prepayments	1,109,040	1,834,739
Increase in payables	(18,209,882)	4,883,749
Decrease in provisions for liabilities	374,332	(265,879)
	<u>(16,063,343)</u>	<u>(1,379,007)</u>
Net cash (outflow)/inflow from operations	(46,255,674)	(21,608,566)
Interest received	185,407	393,179
Interest paid	(7,038,702)	(2,565,484)
	<u>(53,108,969)</u>	<u>(23,780,871)</u>
Net cash (outflow)/inflow from operating activities	<u>(53,108,969)</u>	<u>(23,780,871)</u>

Note a Inventories includes AUD\$ Nil of Gold Bullion on hand at 30 June 2013 (30 June 2012 AUD\$3,038)

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

26 Net cash flows from operating activities (continued)

Company	<i>Year ended 30 June 2013 AUD\$</i>	<i>Year ended 30 June 2012 AUD\$</i>
Operating loss before impairment charges	(1,000,499)	(4,752,179)
Share-based payments charge	-	775,634
Net cash outflow before changes in working capital		(3,976,545)
Decrease in receivables and prepayments	(22,054)	716,226
Increase in trade and other payables	(663,236)	318,145
Net cash outflow from operations	(1,685,789)	(2,942,174)
Interest received	49,384	81,168
Interest paid	(1,801,393)	(1,006,201)
Net cash outflow from operating activities	(3,437,798)	(3,867,207)

27 Control

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

28 Contingent liabilities

UK VAT Dispute

The Company has received a demand from the Commissioner for the UK's Her Majesty's Revenue and Customs for the repayment of approximately AUD\$123,000 (£82,000) in Value Added Tax (VAT) the Company has previously claimed and been paid as refunds, plus interest. HM Revenue & Customs are of the view that the Company's registration for VAT was defective, and is therefore not entitled to have received the refunds.

The Company has appealed the Commissioner's ruling and obtained legal counsel's opinion, that HM Revenue & Customs findings are incorrect, and that there are valid grounds for appealing the findings.

Based on counsel's opinion and the advice of its advisors, the directors consider the Commissioner's demand for repayment of VAT refunded ought not to succeed and accordingly have not provided for this potential liability in these accounts at 30 June 2013.

29 Subsequent events

The following events occurred subsequent to 30 June 2013

- The Company has continued its operations with the financial support of Tulla and the Directors have also lent approximately \$90,000 to Norseman Gold plc to pay various corporate administrative expenses
- The Directors have announced that they do not expect mining operations to continue beyond April 2014 at which point the Group will recommence exploration activities, subject to funding and finance options which are being reviewed
- Discussions have continued with all secured convertible note holders about their status as the bonds have matured but not been settled. At this stage, no resolution has been agreed.

**NORSEMAN GOLD PLC
CORPORATE GOVERNANCE STATEMENT
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Corporate Governance Statement

Norseman Gold plc (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The disclosure of corporate governance practices can be viewed on the Company website at www.norsemangoldplc.com

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives approved by the Board are undertaken by the CEO.

Corporate Governance Compliance

During the year the Company has considered the ASX Corporate Governance Principles and the corresponding Best Practice Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines. A full summary is outlined in the section Disclosure – Principles & Recommendations - 2011/2012 financial year.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations.

Principle 2 – Structure the Board to add value

The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.

2.1 – 2.3 The Board does not currently have independent directors and roles are not separate.

2.4 A nomination committee has not been established.

The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Principle 3 – Promote ethical and responsible decision-making

3.2 – 3.4

The Board supports diversity but the Company has not yet formally adopted a diversity policy. The Group has a culturally and ethnically diverse workforce. The Board is committed to attracting, developing and retaining its employees to ensure business growth and performance, ensure all employees are treated fairly and with respect, create an environment where employees can work without encountering bias or issues due to race, age, gender, culture or disability.

Principle 4 – Safeguard integrity in financial reporting

4.2 The audit committee has been suspended while the Company is being restructured. This complies with the structure set out in the Board Charter adopted by the Company but not with the ASX Corporate Governance Principles and the corresponding Best Practice Recommendations.

Principle 7 – Recognise and manage risk

7.2 A Risk Management Committee has not been formed. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by Management as at the date of this report.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

NORSEMAN GOLD PLC
CORPORATE GOVERNANCE STATEMENT
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Disclosure of Corporate Governance Practices
Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3		✓
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 2.6	✓	
Recommendation 3.1	✓	
Recommendation 3.2		✓
Recommendation 3.3		✓
Recommendation 3.4		✓
Recommendation 4.1	✓	
Recommendation 4.2		✓
Recommendation 4.3	✓	
Recommendation 4.4	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	
Recommendation 7.2		✓
Recommendation 7.3	✓	
Recommendation 8.1	✓	
Recommendation 8.2	✓	

Disclosure – Principles & Recommendations - 2012/2013 financial year

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions

Disclosure:

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives approved by the Board are undertaken by the management.

The Corporate Governance Charter contains a statement of practices and processes the Board has adopted to discharge its responsibilities. It includes the processes the Board has implemented to undertake its own tasks and activities, the matters it has reserved for its own consideration and decision-making.

The matters that the Board has specifically reserved for its decision are

- the appointment and management of the CEO,
- approval of the overall strategy and annual budgets of the business,
- compliance with the Articles of Association and other constitutional documents

**NORSEMAN GOLD PLC
CORPORATE GOVERNANCE STATEMENT
2013 ANNUAL REPORT**

Some Board functions are handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Board is currently responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Board's policy is that the majority of directors shall be independent, non-executive directors. As a result of the restructure process the Board currently is comprised of 3 directors who are not considered independent.

Recommendation 2.2

The Chair should be an independent director.

Disclosure:

The Chair of the Board is not independent.

Recommendation 2.3.

The roles of the Chair and CEO should not be exercised by the same individual.

Disclosure

The role of the Chairman and the CEO are not exercised by the same person. The division of responsibilities between the Chairman and the CEO is set out in the Board Charter. As at the date of this report, there is no CEO and the Chairman is acting in a part-time executive capacity.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

A nomination committee has not been established.

The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure

The Chairman is responsible for evaluation of the CEO, the Board and the committees.

**NORSEMAN GOLD PLC
CORPORATE GOVERNANCE STATEMENT
2013 ANNUAL REPORT**

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance.

Induction procedures are in place for all directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

Recommendation 2.6

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure

Skills, Experience, Expertise and term of office of each Director and re-election procedure

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

In accordance with the Articles of Association, one third of the directors retire by rotation each year and may offer themselves for re-election.

In determining candidates for the Board (as the Nomination Committee) considers the procedure as detailed in the Board Charter and the skills and qualifications of potential candidates that will best enhance the Board's effectiveness taking into consideration the current composition of the Board.

Identification of Independent Directors

There are currently no independent directors of the Company. A director is independent if they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to

- the practices necessary to maintain confidence in the company's integrity
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices

Disclosure.

The Company has a Code of Conduct that applies to all Directors, senior executives, employees and contractors.

Recommendation 3.2

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Board supports diversity but the Company has not yet formally adopted a policy. The Group has a culturally and ethnically diverse workforce. The Board is committed to attracting, developing and retaining its employees to ensure business growth and performance, ensure all employees are treated fairly and with respect, create an environment where employees can work without encountering bias or issues due to race, age, gender, culture or disability.

Recommendation 3.3

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Disclosure:

The Board has not yet formally adopted a policy and will report on the measurable objectives in the first reporting period following the adoption of the diversity policy.

Recommendation 3.4

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

Disclosure:

There are currently no women employees in senior executive positions.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

The Board established an Audit Committee following the listing of its securities on the ASX.

Recommendation 4.2:

The Audit Committee should be structured so that it

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members

Disclosure:

The audit committee has been suspended whilst the Company is being restructured.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure.

The Company has an Audit Committee Charter

Recommendation 4.4.

Companies should provide the information indicated in the *Guide to reporting on Principle 4*

Disclosure.

The Audit Committee plan is to hold a minimum of 3 meetings per year. Details of each of the Audit Committee's qualifications are set out in the Director's Report. It is intended that the Company's auditor will be invited to attend all Audit Committee meetings held during the financial year.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1.

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure

The Company has a Shareholder Communications Policy contained within the Policy on Continuous Disclosure and a website for making information available to shareholders. Shareholders are encouraged to attend and participate in general meetings.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure

The Board has adopted a Financial Risk Management Policy. As detailed in 7.2 no risk management committee has been formed and this role is undertaken by the Board, however, the overall basis for risk management is to provide recommendations about

- 1 Assessing the internal processes for determining and managing key risk areas, particularly
 - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws,
 - litigation and claims, and
 - relevant business risks other than those that are dealt with by other specific Board Committees
- 2 Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board
- 3 Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws
- 4 Evaluating the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk
- 5 Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk
- 6 Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment

Recommendation 7.2

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. As part of the monthly reporting procedure, management reports to the Board confirming that those risks are being managed effectively.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by Management as at the date of this report.

Recommendation 7.3

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Company reports under the Companies Act 2006 (UK), however, the policy is for the CEO and the Chief Financial Officer (or equivalent) to provide a declaration to the Board and this declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee

Disclosure:

The Board established a Remuneration Committee following the listing of its securities on the ASX but it has been suspended

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives

Disclosure:

Details of directors' remuneration and service contracts are contained in the Directors' Report in accordance with the Companies Act 2006 (UK)

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation). There are currently no options issued to non-executive directors.

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

NORSEMAN GOLD PLC
SHAREHOLDER INFORMATION
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The shareholder information set out below was applicable as at the dates specified

1 Distribution of Equity Securities (Current as at 25 July 2013)

Analysis of numbers of equity security holders by size of holding - Class of Security – Chess Depositary Receipts

		Number of CDI holders
1	-	1,000
1,001	-	5,000
5,001	-	10,000
10,001	-	100,000
100,001	and over	

There were 247 holders of less than a marketable parcel of ordinary shares

2 Equity Security Holders (Current as at 25 July 2013)

The names of the twenty largest holders of quoted chess depositary receipts on the ASX are listed below –

Rank	Name	Units	% of Units
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
Totals		278,384,827	80.31

3 Unquoted Equity Securities – Option holders, holding 20% or more (Current as at 25 July 2013)
 Nil

4 Voting Rights

(a) Ordinary Shares

Shareholders holding certificated shares are entitled to vote and may vote in person or by proxy, attorney or authorised representative. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) CHESS Depositary Interests (CDIs) over ordinary shares

CDI holders are entitled to vote by proxy but are not able to personally vote on a show of hands. Upon a poll (where a proxy has been lodged) each CDI shall have one vote. CDI holders wishing to vote personally on a show of hands must convert their CDIs into certificated shares before the meeting. CDI holders should contact Computershare Investor Services Pty Limited in Australia in advance to find out how long the conversion process will take.

(c) Options

These securities have no voting rights.

5 On-Market Buy-Back

There is no current on-market buy-back.

6 Additional information for ASX investors

(a) The Company was incorporated in England and Wales under the Companies Act 1985 with registration number 5380466.

(b) As a company incorporated in England and Wales, the provisions of the Australian Corporations Act 2001 relating to change in control and takeover of public companies do not apply to the Company. The Company is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act dealing with the acquisition of shares (including substantial holdings and takeovers).

(c) Nor is the Company subject to the provisions of the United Kingdom City Code on Takeovers and Mergers.

(d) The Articles of Association of the Company contain limited provisions relating to takeovers and disclosure of significant shareholdings. Under the Articles, the Directors may refuse to register a transfer of shares where the rules of ASX permit or require the Company to do so or where the shares to be transferred are at the relevant time the subject of an issue, or any application to, or commencement of any court procedure in relation to a voting rights suspension under Articles 11.2 or 18.1. Under Article 11 the Company may require a person to provide disclosure of persons interested in shares pursuant to section 793 of the Companies Act 2006 (UK). If a person fails to provide such disclosure then the Directors may suspend voting rights and in certain circumstances rights to dividends in relation to the shares. Under Article 18.1, the Directors may suspend the voting rights of a member if that member has failed to make a takeover offer for the Company's shares in circumstances where that member would have been required to do so under the City Code on Takeovers and Mergers (UK). The Company may only exercise the right of suspension if a determination has been obtained from a court that a breach of the Articles has occurred and is continuing.