



## **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 2015**

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**NORSEMAN GOLD PLC**  
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**NORSEMAN GOLD PLC**  
**DIRECTORS, SECRETARY AND ADVISERS**

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<b>Directors:</b>	Kevin Maloney David Steinepreis Gary Steinepreis	Executive Chairman Non-Executive Director Non-Executive Director
<b>Company Secretary:</b>	John Bottomley	
<b>Company Registration Number:</b> <b>ARBN:</b>	5380466 122 088 073	
<b>Registered Office:</b>	One America Square Crosswall London EC3N 2SG	
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<b>Solicitors:</b>	<b>United Kingdom:</b> Watson Farley & Williams LLP 15 Appold Street London EC2Y 2HB	
<b>Group Auditors:</b>	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW	
<b>Registrars:</b>	<b>United Kingdom:</b> Capita IRG Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU Telephone: +44 (0) 1484 600921  <b>Australia:</b> Computershare Investor Services Pty Limited Level 11 / 172 St. George's Terrace Perth Western Australia 6005 Telephone: 1300 787 272 Overseas: +61 3 9415 4000 Facsimile: +61 8 9323 2033	

**NORSEMAN GOLD PLC**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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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 2015.

The Company is no longer listed on the Australian Securities Exchange ("ASX").

**Principal activity and significant events**

The Group's principal activity is the operation of Central Norseman Gold Corporation Pty 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 2015.

**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 2015. The Group made a loss after tax of AUD\$5.0 million for the year ended 30 June 2015 (2014: loss after tax of AUD\$6.9 million).

**Business review and going concern**

In the first few months of the year mining of the HV Crown Pillar in the HV1 open cut pit continued and was completed in August 2014. In September 2014, operations recommenced in the HV1 pit to extract additional ore from the HV2 vein. As the mining of the HV2 vein continued, studies were conducted on how to access additional HV1 and HV11 veins via open cut mining methods. These studies were completed and resulted in the commencement of the South West Cutback in February 2015. Mining was due to be completed within four months, but due to poor dig rates due to ground conditions and equipment availability and additional vein structures located during the mining, mining was not completed until November 2015. During FY2015, approx. 35,000 tonnes of HV ore had been processed. The HV1 pit represented the vast majority of ore and gold produced during the year.

Bullen Underground operations continued during the year on a small scale until June 2015 when there was a temporary suspension in operations to allow a re-evaluation of the mining method and targets. In September 2015, Bullen operations were recommenced on a trial basis, focusing on the 16 Level Mararoa ore body. These operations continued until early December when the decision was made to again suspend mining operations due to grade and break rates not meeting the operational targets agreed to by the Board.

In relation to the North Royal, mining of the underground pillars had varied success, as many of the pillars shown on the available mine plans completed near the end of the Underground mining operations had already been mined and operations also ceased in August 2014. A limited program to re-mine the North Royal pillars was recommenced in July 2015 but was ceased in August 2015 due to a contractors' excavator falling into a void. The operator was not seriously injured. As a result of the incident, the Department of Mining and Petroleum placed a prohibition notice on the North Royal pit preventing any further pillar extraction.

During the first half of the year, work was undertaken to evaluate the processing of low grade ore from the Bullen and North Royal dumps. The proposal was based on screening and splitting the low grade ore to enable the economic processing and extraction of gold. Based on initial trial results, the decision was made to increase the operations of the low grade project, with a target to process over 30,000 tonnes of ore per month. This required significant maintenance work to be undertaken on the mill to allow for 24 hour operations. This was done and full scale low grade operations were achieved in May 2015. During FY2015, approx. 110,000 tonnes of low grade ore had been processed. However, by September 2015 it was decided to suspend the low grade operations as the gold recovered per the mine reconciliations was not achieving the targeted grades as outlined in the Low Grade business case.

As a consequence of the above mining operations, the Board agreed in November 2015 to pause and review all mining operations and to commence a complete review and evaluation of all mining projects by a project team. As a result, other than a small maintenance crew and the Project Team, all other staff will leave the operations by the end of December 2015 and discussions are underway with key suppliers to minimise the ongoing operating costs of the mine.

**NORSEMAN GOLD PLC**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

The Group had cash of AUD\$0.6 million at 30 June 2015. Management have prepared short to medium term production plans. The Directors have reviewed these plans with the intent to maximise the cash generated by the Norseman Project. However, since 1 July 2015 the operations of the mine have not achieved forecasted levels and all mining operations were paused in December subject to a complete review of all projects and prospects.

The Statement of Mineral Resources as at 1 September 2014 was released to ASX in December 2014. No updated Statement of Minerals Resources has been prepared since this date.

In summary, the Company is reporting a total Resource of 2.1 million ounces of gold. No Reserves are reported.

Summary for Norseman	Open Pit – 1 September 2014			Underground – 1 September 2014			Total		
	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Resource – Measured	5,000,000	0.80	130,000	400,000	17.9	230,000	5,400,000	2.1	360,000
Resource – Indicated	5,100,000	1.8	300,000	850,000	17.2	470,000	6,000,000	4.0	770,000
Resource – Inferred	3,300,000	2.4	250,000	1,200,000	18.1	700,000	4,500,000	6.6	950,000
<b>Total Resource</b>	<b>13,000,000</b>	<b>1.6</b>	<b>670,000</b>	<b>2,400,000</b>	<b>18.1</b>	<b>1,400,000</b>	<b>16,000,000</b>	<b>4.1</b>	<b>2,100,000</b>

Summary for Norseman	1 September 2014			31 March 2012			Variance %		
	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Resource – Measured	5,400,000	2.1	360,000	5,600,000	1.9	350,000	(4)	10	(3)
Resource – Indicated	6,000,000	4.0	770,000	6,800,000	5.2	1,100,000	(12)	(23)	(30)
Resource – Inferred	4,500,000	6.6	950,000	9,900,000	6.1	1,900,000	(55)	8	(50)
<b>Total Resource</b>	<b>16,000,000</b>	<b>4.1</b>	<b>2,100,000</b>	<b>22,000,000</b>	<b>4.8</b>	<b>3,400,000</b>	<b>(27)</b>	<b>(14)</b>	<b>(38)</b>

- \* Underground Resources use a marginal cut-off grade of 9g/t over approximately 0.7m and Open Pit Resources utilise a marginal cut-off grade of 0.7 – 1.0g/t in diluted models. A gold price of A\$1,700 per ounce has been used. (For cut-off grade definitions, see JORC Table 1.)
- \* Surface low grade stockpiles are included in the Open Pit Resources.
- \* Mineral Resources are included on a 100% basis.
- \* Rounding may result in apparent summation differences between tonnes, grade and contained metal content.
- \* Resources are being reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code 2012”).

An explanation of the material changes in the reported Mineral Resources was included in the 2014 financial statements.

**NORSEMAN GOLD PLC  
STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

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The following section provides the details as required under JORC 2012 for the release under JORC Code 2012 and the ASX Listing Rules.

**Competent persons statements**

*Resources were either estimated or reviewed by Mr Jonathan Sharp BSc. MSc. (Hons), who is a Member of the Australasian Institute of Mining and Metallurgy, and was the Resource Geologist for the Company. Mr Sharp has over 15 years of Mining experience in a variety of mineral deposit styles and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Sharp consents to the information in this report being used and quoted by the company for reporting and other purposes in the context in which it appears.*

*The Mineral Resource inventory and Reserves statement included in this report has been independently reviewed and audited by Dr Spero Carras of Carras Mining Pty Ltd. Dr Carras has 35 years' experience in the field of vein gold evaluation and gold within banded iron formations. His association with the Norseman ore-bodies began in 1976. Dr Carras is a fellow of the Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves" and consents to the inclusion of the information in the form and context in which it appears.*

**Subsequent events**

The following events occurred subsequent to 30 June 2015:

The Company has continued its operations with the financial support of Tulla Resources Group Pty Limited (Tulla). In November 2015, the Group made a decision to pause and review all mining operations and commence a complete review of all projects and targets to allow it to identify the next sustainable mining prospects. As well, the Group is in discussions with a Corporate Adviser in relation to future equity or financing opportunities to fund the next stage of the Group's growth. These decisions have been in consultation with Tulla and they have committed to continue funding the Group for the foreseeable future.

**Going concern**

In addition, in order to keep the mining and exploration tenements in good standing, the Group had exploration expenditure commitments of AUD\$6.3 million due within 12 months of 30 June 2015 (see note 23). These exploration expenditure commitments need to be met or the assets may be at risk of forfeiture unless expenditure exemptions are approved.

Currently, the Group is reliant on the continual financial support of Tulla to support 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 which was settled in May 2013 have not yet been finalised.

In addition, the Secured Loan Facility and Secured Convertible Loan Notes terms and conditions have been breached. A proposal was prepared and accepted by the UK Secured Convertible Loan Noteholders to restructure and renegotiate these obligations. The Company has paid 5 pence per GB Pound in July 2014 to extinguish these UK Secured Convertible Loan Notes for the full redemption of the notes without any entitlement to interest.

There can be no guarantee or certainty that Tulla will continue to support the Group's funding requirements, exploration commitments and the ongoing operational costs. 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 planned and 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, receiving representations from Tulla to the future funding of the operations given the position of the Group 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 and do not include adjustments that would result if the Group was unable to continue in operation.

**NORSEMAN GOLD PLC  
STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

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**Key performance indicators**

During the period, the Group was cashflow positive from operating activities due to the interest on related party loans being accrued and continued to invest significant capital investment in exploration, mine properties and plant & equipment. The mine produced 23,158 ounces for the period. 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.

**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. 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 mineral resources 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.
- 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 22 of the Financial Statements include the Group's exposure to price, liquidity and credit risk.

#### **Environment, Health, Safety & Social Responsibility Policy Statement**

Norseman 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, 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.

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.

By order of the board



**Kevin Maloney**  
**Chairman**

4 February 2016



**NORSEMAN GOLD PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

The Directors present their directors' report, together with the audited financial statements the Group and the Company for the year ended 30 June 2015.

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

The Company is no longer listed on the Australian Securities Exchange ("ASX").

**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 2015. The Group made a loss after tax of AUD\$5.0 million for the year ended 30 June 2015 (2014: loss after tax of AUD\$6.9million).

**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 13 and 20 respectively.

**Information to shareholders – website**

The Group maintains its own website ([www.norsemangoldplc.com](http://www.norsemangoldplc.com)) to facilitate provision of information to external stakeholders and potential investors.

**Pensions/Superannuation**

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

**Directors**

The following Directors held office during the year ended 30 June 2015 and subsequent to that year end date:

Kevin Maloney  
David Steinepreis  
Gary Steinepreis

**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 2015</i>	<i>Ordinary shares of 1.25p each</i>	<i>Warrants</i>	<i>Convertible loan notes 2015</i>	<i>Notes</i>
Kevin Maloney	93,168,668	-	AUD\$10,000,000	1
David Steinepreis	11,817,185	-	-	2
Gary Steinepreis	7,530,000	-	-	3

<i>30 June 2014</i>	<i>Ordinary shares of 1.25p each</i>	<i>Warrants</i>	<i>Convertible loan notes 2015</i>	<i>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	-	-	£500,000	2
Gary Steinepreis	7,530,000	-	-	£250,000	3

**NORSEMAN GOLD PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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 and no amounts have been accrued.

**David Steinepreis – non-executive**

Mr Steinepreis provided executive services to the Company. There was a service contract which was amended to include his role acting as trustee for the convertible noteholders, which has now ceased. Mr Steinepreis now provides non-executive director services to the Company. Mr Steinepreis was paid \$103,000 for his services and reimbursement of expenses of \$17,000 for the period since 30 September 2012 in January 2015.

**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. Mr Steinepreis was paid \$120,000 for his services since 1 July 2012 in January 2015.

**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 2015, was as follows:

	<i>Note</i>	<i>Fees/Salaries</i>	<i>Share based</i>	<i>2015</i>	<i>2014</i>
		<i>AUD\$</i>	<i>payments</i>	<i>Total</i>	<i>Total</i>
		<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>
Kevin Maloney		-	-	-	-
David Steinepreis		103,000	-	-	-
Gary Steinepreis	1	120,000	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Totals		223,000	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>

**Notes:**

1. Mr G Steinepreis' services are provided by Leisurewest Consulting Pty Ltd as trustee for the Leisurewest Trust.

**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.

**NORSEMAN GOLD PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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**Issue of share options and warrants**

The details of the share options and warrants outstanding at 30 June 2015 and the movements in share options and warrants during the period are set out in Note 21 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.

**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**

4 February 2016

**NORSEMAN GOLD PLC**  
**DIRECTORS' BIOGRAPHIES**

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**Kevin Maloney, Executive Chairman, aged 69**

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 59**

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 50**

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 and AVZ Minerals Ltd which companies are listed on the ASX. He is also managing director of Ascent Capital.

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

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We have audited the Group and Parent Company financial statements (the "financial statements") of Norseman Gold plc for the year ended 30 June 2015 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 Statements of Cash Flow 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 in the directors' report, 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](http://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 detailed cash flow forecasts or 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 2015 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 AUDITORS' REPORT  
TO THE SHAREHOLDERS OF NORSEMAN GOLD PLC (CONTINUED)**

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**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 matter described above:

- we have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- We were unable to determine whether adequate accounting records have not been kept.

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:

- 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.



**Colin Wright**  
(Senior Statutory Auditor)

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

Quadrant House  
4 Thomas More Square  
London E1W 1YW

4 February 2016

**NORSEMAN GOLD PLC**  
**GROUP STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2015**

		<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
	<i>Notes</i>		
<b>Continuing operations</b>			
<b>Group revenue</b>	2	34,013,158	23,302,178
<b>Cost of sales – direct costs</b>		(24,286,330)	(19,918,424)
<b>Gross profit</b>		9,726,828	3,383,754
<b>Other operating income</b>	4	971,867	7,513,846
<b>Administrative expenses before depreciation, exploration expenditure write off and share-based payments write back</b>		(6,022,871)	(7,550,380)
<b>Provision for rehabilitation costs write back</b>	18	2,919,640	19,795
<b>Exploration expenditure write off</b>	11	(3,948,755)	(2,877,223)
<b>Depreciation</b>	9	(546,683)	(150,000)
<b>Total administrative expenses</b>		(7,598,669)	(10,557,808)
<b>Group operating profit</b>	3	3,100,026	339,792
<b>Interest receivable</b>		15,506	95,203
<b>Interest payable</b>	5	(8,123,732)	(7,297,507)
<b>Loss before taxation</b>		(5,008,200)	(6,862,512)
<b>Taxation</b>	6	-	-
<b>Loss for the year</b>		(5,008,200)	(6,862,512)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income attributable to equity holders of the Company</b>		(5,008,200)	(6,862,512)

**NORSEMAN GOLD PLC**  
**GROUP STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<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>
<b>Year ended 30 June 2015</b>					
Balance at 1 July 2014	22,948,180	143,086,801	1,120,435	(260,533,817)	(93,378,401)
Net loss for 2015	-	-	-	(5,008,200)	(5,008,200)
<b>Total comprehensive income for the period</b>	-	-	-	(5,008,200)	(5,008,200)
Recycle of share based payment reserve	-	-	(402,436)	402,436	-
Balance at 30 June 2015	<u>22,948,180</u>	<u>143,086,801</u>	<u>717,999</u>	<u>(265,139,581)</u>	<u>(98,386,601)</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>
<b>Year ended 30 June 2014</b>					
Balance at 1 July 2013	22,948,180	143,086,801	1,120,435	(253,671,305)	(86,515,889)
Net loss for 2014	-	-	-	(6,862,512)	(6,862,512)
<b>Total comprehensive income for the period</b>	-	-	-	(6,862,512)	(6,862,512)
Balance at 30 June 2014	<u>22,948,180</u>	<u>143,086,801</u>	<u>1,120,435</u>	<u>(260,533,817)</u>	<u>(93,378,401)</u>



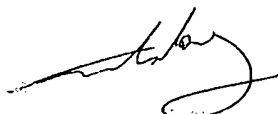
**NORSEMAN GOLD PLC**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<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>
<b>Year ended 30 June 2015</b>					
Balance at 1 July 2014	22,948,180	143,086,801	1,120,435	(181,706,076)	(14,550,660)
Net loss for 2015	-	-	-	(88,219)	(88,219)
Total comprehensive income for the period	-	-	-	(88,219)	(88,219)
Recycle of share based payment reserve	-	-	(402,436)	402,436	-
Balance at 30 June 2015	<u>22,948,180</u>	<u>143,086,801</u>	<u>717,999</u>	<u>(181,391,859)</u>	<u>(14,638,879)</u>
<b>Year ended 30 June 2014</b>					
Balance at 1 July 2013	22,948,180	143,086,801	1,120,435	(189,294,632)	(22,139,216)
Net loss for 2014	-	-	-	7,588,556	7,588,556
Total comprehensive income for the period	-	-	-	7,588,556	7,588,556
Balance at 30 June 2014	<u>22,948,180</u>	<u>143,086,801</u>	<u>1,120,435</u>	<u>(181,706,076)</u>	<u>(14,550,660)</u>

**NORSEMAN GOLD PLC**  
**GROUP BALANCE SHEET**  
**AS AT 30 JUNE 2015**

	<i>Notes</i>	<i>30 June 2015</i> <i>AUD\$</i>	<i>30 June 2014</i> <i>AUD\$</i>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	9	2,911,625	1,360,205
Exploration and evaluation assets	11	751,105	-
		<u>3,662,730</u>	<u>1,360,205</u>
<b>Current Assets</b>			
Trade and other receivables	14	3,975,119	3,957,768
Inventories	15	1,146,052	2,127,222
Cash and cash equivalents	16	575,628	1,298,118
		<u>5,696,799</u>	<u>7,383,108</u>
<b>Total Assets</b>		<u>9,359,529</u>	<u>8,743,313</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	17	10,995,966	9,851,029
Provisions for liabilities	18	164,926	378,412
Loans and borrowings	19	78,206,600	70,624,285
		<u>89,367,492</u>	<u>80,853,726</u>
<b>Non-Current Liabilities</b>			
Provisions for liabilities	18	18,378,638	21,267,988
		<u>18,378,638</u>	<u>21,267,988</u>
<b>Total Liabilities</b>		<u>107,746,130</u>	<u>102,121,714</u>
<b>Net Liabilities</b>		<u>(98,386,601)</u>	<u>(93,378,401)</u>
<b>EQUITY</b>			
<b>Capital and Reserves</b>			
Share capital	20	22,948,180	22,948,180
Share premium	20	143,086,801	143,086,801
Other reserves	21	717,999	1,120,435
Retained losses		(265,139,581)	(260,533,817)
<b>Shareholders' Equity</b>		<u>(98,386,601)</u>	<u>(93,378,401)</u>

The financial statements were approved by the Board of Directors on 4 February 2016 and signed on its behalf by:



Kevin Maloney  
Chairman  
Company Registration number 5380466

**NORSEMAN GOLD PLC**  
**COMPANY BALANCE SHEET**  
**AS AT 30 JUNE 2015**

	<i>Notes</i>	<i>30 June 2015</i> <i>AUD\$</i>	<i>30 June 2014</i> <i>AUD\$</i>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Loan to subsidiary undertakings	13	-	-
Investment in subsidiary undertakings	13	-	-
		<u>-</u>	<u>-</u>
<b>Current Assets</b>			
Trade and other receivables	14	2,652	-
Cash and cash equivalents		13,819	1,196
		<u>16,471</u>	<u>1,196</u>
<b>Total Assets</b>		<u>16,471</u>	<u>1,196</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	17	2,965,650	2,862,156
Loans and borrowings	19	11,689,700	11,689,700
		<u>14,655,350</u>	<u>14,551,856</u>
<b>Total Liabilities</b>		<u>14,655,350</u>	<u>14,551,856</u>
<b>Net Liabilities</b>		<u>(14,638,879)</u>	<u>(14,550,660)</u>
<b>EQUITY</b>			
<b>Capital and Reserves</b>			
Share capital	20	22,948,180	22,948,180
Share premium	20	143,086,801	143,086,801
Other reserves	21	717,999	1,120,435
Retained losses		(181,391,859)	(181,706,076)
<b>Shareholders' Equity</b>		<u>(14,638,879)</u>	<u>(14,550,660)</u>

The financial statements were approved by the Board of Directors on 4 February 2016 and signed on its behalf by:



Kevin Maloney  
**Chairman**  
Company Registration number 5380466

**NORSEMAN GOLD PLC**  
**GROUP STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Notes</i>	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
<b>Net cash inflow/(outflow) from operating activities</b>	25	6,601,384	(7,330,865)
<b>Investing activities</b>			
Funds used in exploration	11	(4,699,860)	(2,877,223)
Purchases of plant & equipment (net of disposals)	9	(2,098,103)	(491,477)
<b>Net cash used in investing activities</b>		(6,797,963)	(3,368,700)
<b>Financing activities</b>			
Cash proceeds from related party financing	19	-	1,782,875
Repurchase of convertible notes		(525,911)	-
<b>Net cash from/ (used in) financing activities</b>		(525,911)	1,782,875
<b>(Decrease)/increase in cash and cash equivalents</b>		(722,490)	(8,916,690)
<b>Cash and cash equivalents at beginning of year</b>		1,298,118	10,214,808
<b>Cash and cash equivalents at end of year</b>		575,628	1,298,118

**NORSEMAN GOLD PLC**  
**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Notes</i>	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>25</b>	<b>12,623</b>	<b>151,761</b>
<b>Investing activities</b>			
Loan granted to subsidiaries		-	(210,000)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(210,000)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>12,623</b>	<b>(58,239)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>1,196</b>	<b>59,435</b>
<b>Cash and cash equivalents at end of year</b>		<b>13,819</b>	<b>1,196</b>

**NORSEMAN GOLD PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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**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 recorded an operating profit of AUD\$3,100,126 and a net loss after tax of AUD\$5,008,200 for the year, which follows an operating profit of AUD\$339,792 and net loss of AUD\$6,862,512 for the previous financial year ended 30 June 2014.

The net loss in the current year was reduced as a result of the restructuring of the operations to target high grade ore bodies on reduced production levels.

On 6 February 2013, the external administrator issued 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 and payments were made to affected creditors on 10 December 2014. 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.

The Group had cash of AUD\$0.6 million and net liabilities of AUD\$98.4 million at 30 June 2015. 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 prepared have been prepared on the basis of continued operations.

The resource and reserve position was updated in December 2014 and there was a significant reduction in reported Resources and no Reserves reported and the amount and quality of resources available which means that a suitable and commercial medium to long term mine plan will be developed will required further work to be developed. In addition, in order to keep the mining and exploration tenements in good standing, the Group had exploration expenditure commitments of AUD\$6.3 million due within 12 months of 30 June 2015 (see note 23). These exploration expenditure commitments needed to be met or the assets were 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.

**NORSEMAN GOLD PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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**1.2 Going concern (continued)**

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, with the support of Tulla, was prepared and accepted by the UK Secured Convertible Loan Noteholders to restructure and renegotiate these obligations. On 28 July 2014, the Company paid 5 pence per GB Pound to extinguish these UK Secured Convertible Loan Notes.

At the date of signing of these financial statements, it is not practicable for the directors to obtain or prepare detailed cash flow forecasts or reliable evidence as to the likelihood of favourable outcomes to the material uncertainties relating to going concern.

Also, there can be no guarantee or certainty that Tulla will continue to support the Group's funding requirements, exploration commitments and the ongoing operational costs. 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 planned and 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.

**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.



**NORSEMAN GOLD PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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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%

**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.

**NORSEMAN GOLD PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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**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.

**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 exchange rate at 30 June 2015 was £1 - \$2.02 (2014: £1 = \$1.82).

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.

**NORSEMAN GOLD PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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**1.18 Leases (continued)**

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

*(ii) Group as a lessor*

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

**1.19 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.

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

*Provision of restoration costs*

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

*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.

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**1.20 Critical accounting judgements and estimates (continued)**

*Share-based payments*

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

**1.21 Adoption of new and revised International Financial Reporting Standards**

There were no IFRS standards or IFRIC interpretations adopted for the first time in these financial statements that had a material impact on the Group. The following standards have been adopted for the first time in this financial year.

<i>Standard</i>	<i>Description</i>	<i>Effective date</i>
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of interest in other entities	1 January 2014
IAS 27 (Amendment 2011)	Separate financial statements	1 January 2014
IAS 28 (Amendment 2011)	Investments in associates and joint ventures	1 January 2014
IAS 32 (Amendment 2011)	Offsetting financial assets and financial liabilities	1 January 2014

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group. The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group's financial statements in the periods of initial application.

<i>Standard</i>	<i>Description</i>	<i>Effective date</i>
IFRS11(Amendment 2014)	Acquisition of interests in Joint Operations	1 January 2016
IFRS 9	Financial Instruments – classification and measurement of financial assets	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2017

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 and these metals are sold to either the local, government controlled Perth Mint.

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**3. Group operating profit**

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

	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
Employee costs, excluding share-based payments	3,850,525	9,400,874
Exploration costs written off (note 11)	3,948,755	2,877,223
Depreciation (note 9)	546,683	150,000
Provision for rehabilitation (note 18)	(2,919,640)	(19,459)
Impairment to inventories	751,384	-
	<u>                    </u>	<u>                    </u>
Auditors' remuneration		
- UK (Group and Parent Company audit services)	50,989	31,873
- Australia (subsidiary company audit services)	53,460	47,288
	<u>                    </u>	<u>                    </u>

**4. Other operating income**

<b>Group</b>	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
Electricity sales income	936,362	2,335,786
Rental income	20,095	28,521
Debt defeasance (charge)/credit	-	(2,343,950)
Sundry income	15,410	45,838
Gain on repurchase of convertible notes	-	7,447,650
	<u>                    </u>	<u>                    </u>
	971,867	7,513,845
	<u>                    </u>	<u>                    </u>

The debt defeasance (charge)/credit relates to the settlement of creditors as a result of the DOCA in CNGC.

**5. Interest payable**

<b>Group</b>	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
Interest on debt, convertible loan notes, related party financings and other	8,123,732	7,297,507
	<u>                    </u>	<u>                    </u>

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**6. Taxation**

	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
<b>Current tax</b>		
Deferred tax asset (DTA) recognition	-	-
Deferred tax liability	-	-
	<hr/>	<hr/>
<b>Total current tax charge/(credit) as reported in loss</b>	<hr/> <b>-</b> <hr/>	<hr/> <b>-</b> <hr/>
The current tax charge for the period can be reconciled to the loss per income statement as follows:		
Group loss before tax	<hr/> <b>(5,008,200)</b> <hr/>	<hr/> <b>(6,862,512)</b> <hr/>
Tax at the Australian corporation tax rate of 30%	<b>(1,502,460)</b>	<b>(2,058,754)</b>
Tax effects of:		
Other non-deductible expenses	-	<b>(1,321,560)</b>
Tax losses not recognised	<b>1,502,460</b>	<b>3,380,314</b>
	<hr/>	<hr/>
<b>Total current tax charge/(credit) as reported in loss</b>	<hr/> <b>-</b> <hr/>	<hr/> <b>-</b> <hr/>

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\$186.3 million (2014: AUD\$181.3 million). A resulting deferred tax asset has not been recognised in respect of such losses due to the uncertainty of future profit streams.

**7. 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 2015 of AUD\$88,219 (30 June 2014: loss of AUD\$7,588,556) has been included in the Company and Group income statements. The loss includes the income tax expense of AUD\$ Nil (2014: income of AUD\$ Nil).

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**8. Employee costs**

**Group**

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

	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
Wages, salaries and fees	3,516,461	8,712,961
Social security & superannuation costs	334,064	687,913
	<u>3,850,525</u>	<u>9,400,874</u>

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

<b>Group</b>	<i>Year ended 30 June 2015 Number</i>	<i>Year ended 30 June 2014 Number</i>
The average numbers of employees during the year were:		
<i>Area:</i>		
Exploration	4	2
Administration	10	10
Mining	13	28
Processing (Mill)	5	6
Engineering (Maintenance)	12	14
Corporate	6	2
	<u>50</u>	<u>62</u>

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**9. Property, plant & equipment**

<b>Group</b>	<b>Land and Buildings AUD\$</b>	<b>Fixed Plant and equipment AUD\$</b>	<b>Mine Infrastructure and mobile equipment AUD\$</b>	<b>Capital works in progress AUD\$</b>	<b>Total AUD\$</b>
<b>Cost</b>					
At 1 July 2014	780,208	7,588,219	13,218,682	426,381	22,013,490
Additions	-	377,123	945,426	775,554	2,098,103
Disposals	-	-	(46,500)	-	(46,500)
At 30 June 2015	780,208	7,965,342	14,117,608	1,201,935	24,065,093
<b>Depreciation</b>					
At 1 July 2014	(780,208)	(6,767,710)	(13,105,367)	-	(20,653,285)
Charge for year	-	(205,455)	(341,228)	-	(546,683)
On disposals	-	-	46,500	-	46,500
At 30 June 2015	(780,208)	(6,973,165)	(13,400,095)	-	(21,153,468)
<b>Net book value 30 June 2015</b>	<b>-</b>	<b>992,177</b>	<b>717,513</b>	<b>1,201,935</b>	<b>2,911,625</b>
30 June 2014	-	820,509	113,315	426,381	1,360,205
<b>Group</b>	<b>Land and Buildings AUD\$</b>	<b>Fixed Plant and equipment AUD\$</b>	<b>Mine Infrastructure and mobile equipment AUD\$</b>	<b>Capital works in progress AUD\$</b>	<b>Total AUD\$</b>
<b>Cost</b>					
At 1 July 2013	780,208	7,373,867	13,105,367	283,411	21,542,853
Additions	-	235,192	113,315	142,970	491,477
Disposals	-	(20,840)	-	-	(20,840)
At 30 June 2014	780,208	7,588,219	13,218,682	426,381	22,013,490
<b>Depreciation</b>					
At 1 July 2013	(780,208)	(6,633,585)	(13,105,367)	-	(20,519,160)
Charge for year	-	(150,000)	-	-	(150,000)
On disposals	-	15,875	-	-	15,875
At 30 June 2014	(780,208)	(6,767,710)	(13,105,367)	-	(20,653,285)
<b>Net book value 30 June 2014</b>	<b>-</b>	<b>820,509</b>	<b>113,315</b>	<b>426,381</b>	<b>1,360,205</b>
30 June 2013	-	740,282	-	283,411	1,023,693



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**10. Mine properties in production phase**

<b>Group</b>	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
At 1 July		
Mining expenditure incurred during the year	-	-
Amortisation during the year	-	-
Impairment charge during the year	-	-
	<hr/>	<hr/>
As at 30 June	-	-
	<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. The Directors assess the carrying values of the capitalised mine development costs against the operations and impair the value of those assets down to the estimated recoverable amount. In prior years, these costs were fully impaired down to a \$Nil receivable value. 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.

**11. Exploration & evaluation assets**

<b>Group</b>	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
Costs carried forward in respect of areas of interest in:		
<b>Exploration and evaluation phases:</b>		
At 1 July	-	-
Exploration expenditure incurred during the year	4,699,860	2,877,223
Exploration expenditure written off	(3,948,755)	(2,877,223)
Impairment charge	-	-
	<hr/>	<hr/>
As at 30 June	751,105	-
	<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 partially impaired the exploration expenses in the current year as there are projects being reviewed which the Directors believe could be progressed to a mining or preliminary feasibility study in the next twelve (12) months.

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**12. Goodwill**

<b>Group</b>	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
<b>Cost</b>		
At 1 July and 30 June	44,983,622	44,983,622
<b>Amortisation and impairment</b>		
At 30 June	(44,983,622)	(44,983,622)
<b>Net book value</b>		
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 13 below).

**13. Investments in subsidiary undertakings**

	<i>Loans to subsidiary undertakings AUD\$</i>	<i>Shares in subsidiary undertakings AUD\$</i>	<i>Total AUD\$</i>
<b>Company</b>			
<b>Cost</b>			
At 1 July 2014	-	-	-
Loans made to subsidiaries in the year	-	-	-
Provisions for impairment	-	-	-
At 30 June 2015	-	-	-
<b>Company</b>			
<b>Cost</b>			
At 1 July 2013	-	-	-
Loans made to subsidiaries in the year	-	-	-
Provisions for impairment	-	-	-
At 30 June 2014	-	-	-

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 settled a DOCA in the 2013 year and continues to be loss making, the Directors decided that a full impairment should be made for the investments in, and loans to, subsidiaries.

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**13. 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 Pty Ltd*	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 Pty Ltd is held through Norseman Gold Pty Ltd.

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

**14. Trade and other receivables**

	<i>30 June 2015</i>		<i>30 June 2014</i>	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Other receivables	3,694,556	2,652	3,760,450	-
Prepayments	280,563	-	197,318	-
	<u>3,975,119</u>	<u>2,652</u>	<u>3,957,768</u>	<u>-</u>

**15. Inventories**

	<i>30 June 2015</i>		<i>30 June 2014</i>	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Gold bullion – at net realisable value	738,320	-	1,061,616	-
Work in progress – at cost				
- Ore stockpiles	-	-	-	-
- Gold in circuit	-	-	-	-
Raw materials and stores				
- net realisable value	407,732	-	1,065,606	-
	<u>1,146,052</u>	<u>-</u>	<u>2,127,222</u>	<u>-</u>

**16. Cash and cash equivalents**

Included in the total cash and cash equivalents are restricted cash deposits of AUD\$575,628 (2014: AUD\$1,298,118) which are held as security against the obligations for restoration and decommissioning expenditure under the mining production and exploration licences.

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**17. Trade and other payables**

	<i>30 June 2015</i>		<i>30 June 2014</i>	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Trade payables	7,206,369	37,431	6,062,895	90,014
Other payables	3,789,597	2,928,219	3,788,134	2,772,142
	<u>10,995,966</u>	<u>2,965,650</u>	<u>9,851,029</u>	<u>2,862,156</u>

**18. Provisions for liabilities**

<b>Group</b>	<i>Employees Benefits AUD\$</i>	<i>Restoration and decommissioning AUD\$</i>	<i>Total AUD\$</i>
<b>Current:</b>			
At 1 July 2014	378,412	-	378,412
Credit to income statement	(213,486)	-	(213,486)
	<u>164,926</u>	<u>-</u>	<u>164,926</u>
As at 30 June 2015			
	<u>164,926</u>	<u>-</u>	<u>164,926</u>
<b>Non-current:</b>			
At 1 July 2014	21,883	21,246,105	21,267,988
Credit to income statement	-	(2,889,350)	(2,889,350)
	<u>21,883</u>	<u>18,356,755</u>	<u>18,378,638</u>
As at 30 June 2015			
	<u>21,883</u>	<u>18,356,755</u>	<u>18,378,638</u>

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.

The adjustment relates to a valuation of the potential liability for the total rehabilitation of the Norseman Project. The Norseman Project is a participant in the Mine Rehabilitation Fund which requires an annual contribution of 1% of the estimated mine rehabilitation.

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**19. Loans and borrowings**

	30 June 2015		30 June 2014	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
<b>Current:</b>				
Finance facility – Related party	21,010,663	-	18,736,585	-
Related party loans	47,195,937	1,689,700	41,887,700	1,689,700
Convertible loan notes – Related party	10,000,000	10,000,000	10,000,000	10,000,000
	<u>78,206,600</u>	<u>11,689,700</u>	<u>70,624,285</u>	<u>11,689,700</u>

**Finance Facility**

The Finance Facility is a secured facility from Farrer Place Holdings Pty Ltd (a related party of Tulla) ("Farrer") to Central Norseman Gold Corporation Pty Ltd ("CNGC"). It was novated from EXP T1 Ltd on 3 October 2012.

Key conditions of this secured facility are as follows:

- Facility limit – AUD\$15,000,000
- Repayment – the secured facility was repayable in full by 1 July 2013 however the secured lender, Farrer, has not called for the repayment of the loan up to the date of this report. The Group is reliant on the financial support of Farrer and Tulla.
- 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 were 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"). This loan was settled in full on 28 July 2014 by the payment of £0.05 (5 pence) per convertible note; 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 2015 Notes have expired however, the secured lender, Tulla, has not called for the repayment of the loan up to the date of this report. The Group is reliant on the financial support of Farrer and Tulla. 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 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.

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**19. Loans and borrowings (continued)**

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*

The 2015 Notes have expired. The conversion period provided that 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. In addition, the Secured Loan Facility and Secured Convertible Loan Notes terms and conditions have been breached. The Group is reliant on the financial support of Farrer and Tulla. A proposal was prepared and accepted by the 2013 Secured Convertible Loan Noteholders to restructure and renegotiate these obligations. The Company paid 5 pence per GB Pound on 28 July 2014 in full and final satisfaction of the 2013 Secured Convertible Loan Notes.

*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 Holdings Pty Limited, a company associated with Gary Steinepreis and AUD\$78,146,600 due to Tulla, a company associated with Kevin Maloney.

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**20. Share capital**

		30 June 2015	30 June 2014
		£	£
<b>Allotted, called up and fully paid</b>			
Ordinary shares of 1.25p each		13,965,028	13,965,028
		<u>          </u>	<u>          </u>
		AUD\$	AUD\$
<b>Allotted, called up and fully paid</b>			
Ordinary shares of 1.25p each		22,948,180	22,948,180
		<u>          </u>	<u>          </u>
<b>Movement in issued and fully paid capital and share premium reserve</b>			
	<i>Number</i>	<i>Issued and fully paid capital £</i>	<i>Share premium reserve £</i>
		<i>£</i>	<i>Issued and fully paid capital AUD\$</i>
			<i>Share premium reserve AUD\$</i>
Total as at 30 June 2014	1,117,202,223	13,965,028	75,658,738
			22,948,180
			143,086,801
Total as at 30 June 2015	1,117,202,223	13,965,028	75,658,738
			22,948,180
			143,086,801

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

**21. Share-based payments**

	Year ended 30 June 2015	Year ended 30 June 2014
	AUD\$	AUD\$
The Group recognised the following charge in the income statement in respect of its share-based payments plans:		
Share option and warrant charge	-	-
<b>Other reserves:</b>		
At 1 July 2014 – share-based payments reserve	1,120,435	1,120,435
Share options and warrants lapsed	(402,436)	-
At 30 June 2015 – total other reserves	717,999	1,120,435

**Share options and warrants outstanding**

The details of share options and warrants outstanding at 30 June 2015 are as follows:

	<i>Number of Share options and warrants</i>
At 1 July 2014	149,883,333
Options and warrants expired and lapsed or cancelled in the year	(143,833,333)
At 30 June 2015	6,050,000

The number of exercisable options at the year end date is 6,050,000 (2014: 149,883,333).

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**21. Share-based payments**

**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>
Share Price	\$0.92	£0.051	£0.05
Exercise price	\$1.04	£0.12	£0.12
Expected volatility	39.6%	21.4%	52.0%
Option life	5 years	5 years	5 years
Expected dividends	Nil	Nil	Nil
Risk free rate	4.75%	4.25%	4.00%

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:**

2,050,000 options were issued on 24 January 2011, have a 24 month vesting period from date of issue and expire on 24 January 2016. The 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. ("Employee options")

2,500,000 share options exercisable at £0.12 with a 24 month vesting period and an expiry date of 9 December 2016 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. ("Director options").

1,500,000 share options exercisable at £0.12 with a 24 month vesting period and an expiry date of 24 January 2017 ("Incentive options").

**Options and warrants expired:**

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").



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**22. Financial instruments**

**Interest Rate Risk**

At 30 June 2015, the Group had Australian Dollar cash deposits of AUD\$575,628 (30 June 2014: AUD\$1,298,118 ). 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</i>	<i>Non - Interest Bearing</i>	<i>Floating interest rate</i>	<i>Non - Interest Bearing</i>
	<i>30 June 2015</i>	<i>30 June 2015</i>	<i>30 June 2014</i>	<i>30 June 2014</i>
	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>
<i>Financial assets:</i>				
Cash at bank and in hand	575,628	-	1,298,118	-

The effective weighted average interest rate was 2% (30 June 2014: 2%).

**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.

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**23. 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 2015		30 June 2014	
	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 needed to be met or the assets were at risk of forfeiture unless expenditure exemptions are approved. Refer to note 1.2 Going concern. The exploration commitments for the financial year were met.

**24. Related party transactions**

The Key management of the Group comprises the Directors of the Company. 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 2015, was as follows:

	Note	Fees/Salaries AUD\$	Share based payments AUD\$	2015	2014
				Total AUD\$	Total AUD\$
Kevin Maloney		-	-	-	-
David Steinepreis		103,000	-	103,000	-
Gary Steinepreis	1	120,000	-	120,000	-
Totals		223,000	-	223,000	-

Notes:

1. Mr G Steinepreis' services are provided by Leisurewest Consulting Pty Ltd as trustee for the LeisureWest Trust.

Other transactions with related parties:

Included within loans and borrowings is AUD\$60,000 (2014: AUD\$60,000) due to Ascent Capital Holdings Pty Limited, a company associated with Gary Steinepreis and AUD\$78,146,600 (2014: AUD\$70,564,285) due to Tulla, a company associated with Kevin Maloney.

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**25. Net cash flows from operating activities**

<b>Group</b>	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
Group operating profit	3,100,026	339,792
<i>Adjustments for items not requiring an outlay of funds:</i>		
Depreciation and amortisation	546,683	150,000
Exploration expenditure written off	3,948,755	2,877,223
Loss on disposal of assets	-	4,965
Provision for rehabilitation	-	(19,795)
Impairment of stock	751,384	-
Net cash inflow before changes in working capital	8,346,848	3,352,185
Decrease in inventories (Note a)	229,789	44,108
Increase in receivables and prepayments	(17,351)	(2,571,480)
Increase/(decrease) in payables	1,144,934	(2,737,621)
(Decrease)/increase in provisions for liabilities	(3,102,836)	1,783,747
Net cash inflow/(outflow) from operations	6,601,384	(129,061)
Interest received	-	95,703
Interest paid	-	(7,297,507)
Net cash inflow/(outflow) from operating activities	6,601,384	(7,330,865)

Note a: Inventories includes AUD\$ Nil of Gold Bullion on hand at 30 June 2015 (30 June 2014: AUD\$ Nil).

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**25. Net cash flows from operating activities (continued)**

<b>Company</b>	<i>Year ended 30 June 2015 AUD\$</i>	<i>Year ended 30 June 2014 AUD\$</i>
Operating (loss)/profit before impairment charges	(1,099,255)	7,597,824
Gain on repurchase of convertible notes	-	(7,447,650)
Write back of intercompany loan	1,010,975	-
	<hr/>	<hr/>
Net cash (outflow)/inflow before changes in working capital	(88,280)	150,174
(Increase)/decrease in receivables and prepayments	(2,652)	24,326
Increase in trade and other payables	103,484	327,688
	<hr/>	<hr/>
Net cash inflow from operations	12,552	502,188
Interest received	71	17,973
Interest paid	-	(368,400)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>12,623</u>	<u>151,761</u>

**27. Control**

The Company is under the control of its shareholders and not any one party but note that the Company has continued its operations with the financial support of Tulla Resources Group Pty Limited (Tulla).

**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. In addition, HM Revenue & Customs have held up subsequent VAT refunds and are currently of the view that the Company is not entitled to be registered for VAT and is therefore, not entitled to have received those VAT refunds.

The Company has appealed the Commissioner's ruling to the Upper Tier Tribunal and is awaiting the formal decision. The Directors have not provided for this potential liability in these accounts at 30 June 2015 as they believe that ultimately the appeal should be successful and if not, it will obtain further Counsel opinion as there may be other avenues available for further appeal.

**29. Subsequent events**

The following events occurred subsequent to 30 June 2015:

The Company has continued its operations with the financial support of Tulla Resources Group Pty Limited (Tulla). In November 2015, the Group made a decision to pause and review all mining operations and commence a complete review of all projects and targets to allow it to identify the next sustainable mining prospects. As well, the Group is in discussions with a Corporate Adviser in relation to future equity or financing opportunities to fund the next stage of the Group's growth. These decisions have been in consultation with Tulla and they have committed to continue funding the Group for the foreseeable future.