



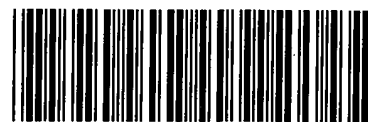
NORSEMAN GOLD PLC

(Incorporated in England and Wales under the Companies Act 2006
with registration number 05380466)
ARBN 122 088 073

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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NORSEMAN GOLD PLC
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NORSEMAN GOLD PLC
DIRECTORS, SECRETARY AND ADVISERS

Directors:	Kevin Maloney David Steinepreis	Executive Chairman Non-Executive Director
Company Secretary:	John Bottomley	
Company Registration Number:	05380466	
ARBN:	122 088 073	
Registered Office:	6 th Floor 60 Gracechurch Street London EC3V 0HR	
Principal Office in Australia:	Suite 5, Level 2 2 Grosvenor Street Bondi Junction NSW 2022 Telephone: +61 2 9387 5900 Email: investors@ngold.com.au	
Solicitors:	United Kingdom: Watson Farley & Williams LLP 15 Appold Street London EC2A 2HB	
Group Auditors:	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW	
Registrars:	United Kingdom: Capita IRG Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU Telephone: +44 (0) 1484 600921	
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NORSEMAN GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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 2016.

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 project ("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 2016.

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 2016. The Group made a loss after tax of AUD\$30.0 million for the year ended 30 June 2016 (2015: loss after tax of AUD\$5.0 million).

Business review and going concern

As previously reported, from 1 July 2015 until November 2015 open pit mining of the HV1 vein, the HV2 vein and the south-west cut-back of the HV11 vein continued in the Harlequin mine.

In November 2015, it was determined that it was not economical to continue remnant mining at the Harlequin pit and a decision was made to suspend active mining operations at the Harlequin mine.

The open pit remnant pillar extraction at Pit E in the North Royal pit commenced in July 2015, however, was suspended in August 2015 following a serious incident where an excavator operated by Hampton Transport Services Pty Ltd, the open pit mining contractor, fell into a void injuring the Contractor's employee. As a consequence of this incident the Department of Mines & Petroleum issued a Prohibition Notice which the company elected not to challenge on the grounds that it was no longer financially viable to carry out any addition operations in Pit E.

Accordingly, the operations at the North Royal mine were suspended with effect from end August 2015.

In September 2016 underground operations resumed in the Bullen Mine trialling more focussed mining methods to reduce waste. Mining principally centred on the Level 16 Mararoa reef. This proved to be economically beneficial as a supplement to the open pit ore from Harlequin. However, once the mining operations at Harlequin were suspended in November 2016, it was decided to suspend the underground operations at the Bullen mine from December 2016.

The processing of the low grade ore in stockpiles at the North Royal and Bullen dumps that had commenced in May 2015 continued into the new financial year. Those operations were concluded in September 2015.

In the first half of financial year ended 2016, exploration was focussed on drilling the HV5B vein and costeaning of the Mainfields area.

By December 2015, all active mining at Norseman had been suspended and the Company entered into a strategically focused 'pause & review' period. This resulted in a substantial reduction in personnel.

This 'pause & review' phase resulted in the Company identifying a number of potential Projects, namely Cobbler, Slippers, Maybell, HV5B, the Crown Pillar (underground), Gladstone / Everlasting, Daisy and the Mainfields Project. Substantial geological analysis and mine engineering work was undertaken and internal scoping studies completed in relation to a number of these projects. A decision was made to proceed to permitting of the Maybell open pit project and a Mining Proposal was prepared, submitted and approved by the Department of Mines & Petroleum in June 2016. The Company is now awaiting the grant of a miscellaneous licence to enable access to the mine to be approved and some supplemental work to be finalised before open pit mining can commence at Maybell.

Work is continuing on progressing the other potential projects.

NORSEMAN GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2016

In addition, in the light of improved processes and the increase in the price of gold in 2016, a further evaluation of the various low grade ore stockpiles (principally North Royal, Bullen & Daisy) resulted in a number of new trials on a rolling basis commencing in February 2016 and proceeded until July 2016 when operations were again suspended.

The Company had been suspended from the ASX since 2013. The Board elected not to continue to be listed and on 31 August 2015 the Company was delisted from the ASX.

In December 2015, the Board formally appointed Patersons Corporate Finance as corporate advisors to the Company. While the operations at Norseman are currently on 'pause & review' various opportunities are being assessed in conjunction with the Company's corporate advisors.

Subsequent events

The following events occurred subsequent to 30 June 2016:

On 26 July 2016, there was a fatality of a hire labour contractor on site at Norseman. The accident occurred during the conversion of a disused thickener tank into a water storage tank when a steel gangway collapsed onto the worker. The Department of Mines & Petroleum issued a Prohibition Notice on all buildings, the Phoenix Plant and structures at site pending a full structural review. The Company has engaged a structural engineering company to conduct the integrity audit of the Phoenix Plant. The Board is currently assessing the situation and no decision has been taken as to the nature and timing of the works required to lift the Prohibition Notice which remains in effect over the Phoenix Plant. Accordingly, all mining operations are currently suspended.

While the Board continues its deliberations in respect to the Phoenix Plant, the internal evaluation and scoping studies of the various projects referred to earlier in the report are ongoing. In particular, in addition to progressing the Maybell Project extensive modelling in relation to the Gladstone/Everlasting Project is being undertaken. An application to convert the underlying tenements into a Mining Lease has been submitted to the Department of Mines & Petroleum. This application is pending a Native Title objection and negotiations have commenced with the Ngadju Native Title Aboriginal Corporation.

Further, there are advanced discussions with Patersons Corporate Finance and the Company and various parties in relation to possible financing/transactions. These discussions have been in consultation with the Tulla Resources Group Pty Ltd (Tulla) the financier of the Group.

The Company has continued with the financial support of Tulla who have committed to continue funding the Group for the foreseeable future.

Going concern

In order to keep the mining and exploration tenements in good standing, the Group had exploration expenditure commitments of AUD\$6.1 million due within 12 months of 30 June 2016 (see note 23). These exploration expenditure commitments need to be met or the tenements 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 has indicated that it currently plans 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.

Following the settlement of the UK Secured Convertible Loan Notes with the UK Noteholders in July 2014, Tulla is the only financier of the Group.

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 to continue as a going concern and its ability to meet its commitments and discharge its liabilities in the normal course of business for a period of at least twelve months from the date of approval of these financial statements.

Nevertheless after making enquiries, 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

NORSEMAN GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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 (such as further impairments of assets of the Company and Group) that would result if the Group was unable to continue in operation.

Key performance indicators

During the year, the Group was cash flow negative from operating activities continuing to invest significant capital investment in exploration, mine properties and plant & equipment. The mine produced 10,310 ounces of fine gold for the period.

Principal risks and uncertainties facing the Company

The Norseman Project risks remain the same as in prior years, as follows:

- 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.

**NORSEMAN GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

- 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 is no current timetable for work to be undertaken to the Phoenix Plant to have the Prohibition Notice lifted to enable processing on site to recommence in the foreseeable future.
- 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.

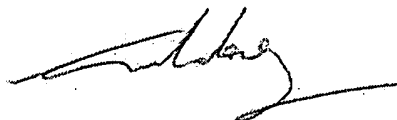
In accordance with this Policy, the resident manager of Norseman is directly and collectively responsible to the Board for demonstrating that the EHS & SR Objectives are attained throughout Norseman. The resident manager has adopted management system guidelines as guidance for demonstrating this.

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.

Following the recent fatality in July 2016, the Department of Mines & Petroleum has issued a notice requiring the company to have its workplace health and safety systems audited by an independent expert. This audit has not yet been completed.

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**

29 November 2016

NORSEMAN GOLD PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016

The Directors present their directors' report, together with the audited financial statements the Group and the Company for the year ended 30 June 2016.

The Company is registered in England under the Companies Act with registered number 05380466 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 2016. The Group made a loss after tax of AUD\$30.0 million for the year ended 30 June 2016 (2015: loss after tax of AUD\$5.0 million).

Group structure and changes in share capital

Details of movements in share capital and changes to the Group's structure during the year are set out in Notes 13 and 20 respectively.

Information to shareholders – website

The external host company of the Company's website (www.norsemangoldplc.com) became insolvent and there is currently no access to the website.

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 2016 and subsequent to that year end date:

Kevin Maloney
David Steinepreis
Gary Steinepreis (resigned 9 March 2016)

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 2016</i>	<i>Ordinary shares of 1.25p each</i>	<i>Warrants</i>	<i>Convertible loan notes 2015</i>	<i>Notes</i>
Kevin Maloney	290,645,083	-	AUD\$10,000,000	1
David Steinepreis	11,817,185	-	-	2

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, Tulla Capital Partners Pty Ltd 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.

NORSEMAN GOLD PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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 has not received any remuneration for his services since January 2015.

Gary Steinepreis – non-executive

Mr Steinepreis provided non-executive director services to the Company through a consultancy agreement with the Company. Mr Steinepreis' remuneration payable was AUD\$60,000 per annum. Mr Steinepreis did not receive any remuneration for his services from January 2015 to his resignation in March 2016.

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 2016, was as follows:

	<i>Note</i>	<i>Fees/Salaries</i>	<i>Share based</i>	<i>2016</i>	<i>2015</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 were 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.

Issue of share options and warrants

The details of the share options and warrants outstanding at 30 June 2016 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.

NORSEMAN GOLD PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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

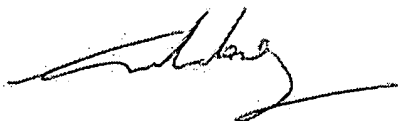
The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards as adopted by the European Union ("IFRS"). UK Company Law requires the Directors to prepare financial statements for each financial period which give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

By order of the board



Kevin Maloney
Chairman

29 November 2016

NORSEMAN GOLD PLC
DIRECTORS' BIOGRAPHIES

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NORSEMAN GOLD PLC

We have audited the Group and Parent Company financial statements (the "financial statements") of Norseman Gold plc for the year ended 30 June 2016 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.

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 (such as further impairments of assets of the Company and Group). 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 above, 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 2016 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.

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.

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

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

29 November 2016

NORSEMAN GOLD PLC
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

		<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 AUD\$</i>
Continuing operations	<i>Notes</i>		
Group revenue	2	16,111,933	34,013,158
Cost of sales – direct costs		(23,531,818)	(24,286,330)
Gross (loss)/profit		(7,419,885)	9,726,828
Other operating income	4	283,521	971,867
Administrative expenses before depreciation, exploration expenditure write off and share-based payments write back		(3,367,159)	(6,022,871)
Rehabilitation costs – (provision)/write back	18	(5,197,191)	2,919,640
Exploration expenditure write off	11	(3,505,899)	(3,948,755)
Depreciation	9	(83,798)	(546,683)
Total administrative expenses		(12,154,047)	(7,598,669)
Group operating (loss)/profit	3	(19,290,411)	3,100,026
Interest receivable		2,065	15,506
Interest payable	5	(10,737,350)	(8,123,732)
Loss before taxation		(30,025,696)	(5,008,200)
Taxation	6	-	-
Loss for the year		(30,025,696)	(5,008,200)
Other comprehensive income		-	-
Total comprehensive income attributable to equity holders of the Company		(30,025,696)	(5,008,200)

NORSEMAN GOLD PLC
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Other Reserves AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
Year ended 30 June 2016					
Balance at 1 July 2015	22,948,180	143,086,801	717,999	(265,139,581)	(98,386,601)
Net loss for 2016	-	-	-	(30,025,696)	(30,025,696)
Total comprehensive income for the period	-	-	-	(30,025,696)	(30,025,696)
Balance at 30 June 2016	<u>22,948,180</u>	<u>143,086,801</u>	<u>717,999</u>	<u>(295,165,277)</u>	<u>(128,412,297)</u>
	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Other Reserves AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
Year ended 30 June 2015					
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)
Total comprehensive income for the period	-	-	-	(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>

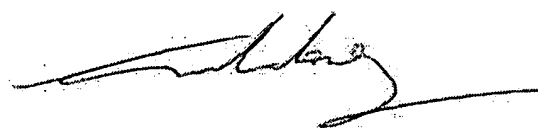
NORSEMAN GOLD PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Other Reserves AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
Year ended 30 June 2016					
Balance at 1 July 2015	22,948,180	143,086,801	717,999	(181,391,859)	(14,638,879)
Net loss for 2016	-	-	-	(1,178,870)	(1,178,870)
Total comprehensive income for the period	-	-	-	(1,178,870)	(1,178,870)
Balance at 30 June 2016	22,948,180 =====	143,086,801 =====	717,999 =====	(182,570,729) =====	(15,817,749) =====
Year ended 30 June 2015					
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	22,948,180 =====	143,086,801 =====	717,999 =====	(181,391,859) =====	(14,638,879) =====

NORSEMAN GOLD PLC
GROUP BALANCE SHEET
AS AT 30 JUNE 2016

	<i>Notes</i>	<i>30 June 2016</i> <i>AUD\$</i>	<i>30 June 2015</i> <i>AUD\$</i>
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	2,747,045	2,911,625
Exploration and evaluation assets	11	1,142,107	751,105
		<u>3,889,152</u>	<u>3,662,730</u>
Current Assets			
Trade and other receivables	14	1,796,444	3,975,119
Inventories	15	336,045	1,146,052
Cash and cash equivalents	16	263,752	575,628
		<u>2,396,241</u>	<u>5,696,799</u>
Total Assets		<u>6,285,393</u>	<u>9,359,529</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	17	8,132,956	10,995,966
Provisions for liabilities	18	102,335	164,926
Loans and borrowings	19	102,869,173	78,206,600
		<u>111,104,464</u>	<u>89,367,492</u>
Non-Current Liabilities			
Provisions for liabilities	18	23,593,226	18,378,638
		<u>23,593,226</u>	<u>18,378,638</u>
Total Liabilities		<u>134,697,690</u>	<u>107,746,130</u>
Net Liabilities		<u>(128,412,297)</u>	<u>(98,386,601)</u>
EQUITY			
Capital and Reserves			
Share capital	20	22,948,180	22,948,180
Share premium	20	143,086,801	143,086,801
Other reserves	21	717,999	717,999
Retained losses		(295,165,277)	(265,139,581)
Shareholders' Equity		<u>(128,412,297)</u>	<u>(98,386,601)</u>

The financial statements were approved by the Board of Directors on 29 November 2016 and signed on its behalf by:



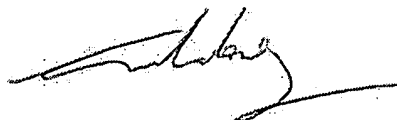
Kevin Maloney
Chairman

Company Registration number 5380466

NORSEMAN GOLD PLC
COMPANY BALANCE SHEET
AS AT 30 JUNE 2016

	<i>Notes</i>	<i>30 June 2016</i> <i>AUD\$</i>	<i>30 June 2015</i> <i>AUD\$</i>
ASSETS			
Non-Current Assets			
Loan to subsidiary undertakings	13	-	-
Investment in subsidiary undertakings	13	-	-
		<hr/>	<hr/>
		-	-
Current Assets			
Trade and other receivables	14	260,739	2,652
Cash and cash equivalents		843	13,819
		<hr/>	<hr/>
		261,582	16,471
		<hr/>	<hr/>
Total Assets		261,582	16,471
LIABILITIES			
Current Liabilities			
Trade and other payables	17	57,850	2,965,650
Loans and borrowings	19	16,021,481	11,689,700
		<hr/>	<hr/>
		16,079,331	14,655,350
		<hr/>	<hr/>
Total Liabilities		16,079,331	14,655,350
Net Liabilities		<hr/>	<hr/>
		(15,817,749)	(14,638,879)
		<hr/>	<hr/>
EQUITY			
Capital and Reserves			
Share capital	20	22,948,180	22,948,180
Share premium	20	143,086,801	143,086,801
Other reserves	21	717,999	717,999
Retained losses		(182,570,729)	(181,391,859)
		<hr/>	<hr/>
Shareholders' Equity		(15,817,749)	(14,638,879)
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 29 November 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 2016

	<i>Notes</i>	<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 AUD\$</i>
Net cash (outflow)/inflow from operating activities	25	(7,150,841)	6,601,384
Investing activities			
Funds used in exploration expenditure	11	(3,896,901)	(4,699,860)
Purchases of plant & equipment	9	(261,137)	(2,098,103)
Net cash used in investing activities		(4,158,038)	(6,797,963)
Financing activities			
Cash proceeds from related party financing	19	10,997,003	-
Repurchase of convertible notes		-	(525,911)
Net cash from/(used in) financing activities		10,997,003	(525,911)
Decrease in cash and cash equivalents		(311,876)	(722,490)
Cash and cash equivalents at beginning of year		575,628	1,298,118
Cash and cash equivalents at end of year		263,752	575,628

NORSEMAN GOLD PLC
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	<i>Notes</i>	<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 AUD\$</i>
Net cash (outflow)/inflow from operating activities	25	(226,548)	12,623
Investing activities			
Loan granted to subsidiaries		-	-
Loan repayments from subsidiaries		213,572	-
Net cash received in investing activities		213,572	-
(Decrease)/increase in cash and cash equivalents		(12,976)	12,623
Cash and cash equivalents at beginning of year		13,819	1,196
Cash and cash equivalents at end of year		843	13,819

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 had an operating loss of AUD\$19,290,000 and a net loss after tax of AUD\$30,025,000 for the year, which follows an operating profit of AUD\$3,100,000 and net loss of AUD\$5,008,000 for the previous financial year ended 30 June 2015.

The Group had cash of AUD\$0.26 million and net liabilities of AUD\$128.4 million at 30 June 2016.

In order to keep the mining and exploration tenements in good standing, the Group has exploration expenditure commitments of AUD\$6.1 million due within 12 months of 30 June 2016 (see note 23). These exploration expenditure commitments need to be met or the tenements may be at risk of forfeiture unless expenditure exemptions are approved.

Currently, the Group is reliant upon Tulla to provide adequate working capital to continue to fund the Group and Tulla has indicated that it currently plans 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. The Secured Loan Facility and Secured Convertible Loan Note terms and conditions have been breached.

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, impairments, 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.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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.

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.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.7 Property, plant and equipment

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

1.8 Depreciation

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

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

<i>Class of property, plant and equipment</i>	<i>Depreciation Rate</i>
Mine Infrastructure	10% - 50%
Mobile Equipment	20% - 33%
Fixed Plant & Equipment	13% - 33.33%
Office Equipment	10% - 33.33%
Land and Buildings	0% - 20%

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.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.12 Cash and cash equivalents

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

1.13 Provisions for liabilities

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

1.14 Investments

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

1.15 Share based expenses

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

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 2016 was £1 - \$1.79 (2015: £1 = \$2.04).

The individual financial statements of each Group company, including the parent company, are measured and presented in AUD\$.

(ii) Transactions and balances

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

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

1.17 Trade receivables

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

1.18 Leases

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

(i) Group as a lessee

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

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

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

(ii) Group as a lessor

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

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.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.20 Critical accounting judgements and estimates (continued)

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.

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. As of the date of these financial statements the IASB and IFRIC have issued a number of new standards, amendments and interpretations which are effective for accounting periods beginning on or after the dates shown below:

<i>Standard</i>	<i>Impact on initial application</i>	<i>Effective date</i>
IAS 1*	Presentation of Financial Statements: Disclosure Initiative	1 January 2016
IAS 7*	Statement of cash flow	1 January 2017
IAS 12*	Income taxes	1 January 2017
IAS 16*	Clarification of Acceptable Methods of Depreciation	1 January 2016
IAS 27*	Separate Financial Statements	1 January 2016
IAS 28*	Investments in Associates and Joint Ventures	1 January 2016
IAS 28*	Investment Entities: Applying the Consolidation Exception	1 January 2016
IAS 38*	Clarification of Acceptable Methods of Amortisation	1 January 2016
IFRS 9*	Financial Instruments	1 January 2018
IFRS 10*	Consolidated Financial Statements	1 January 2016
IFRS 10*	Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
IFRS 12*	Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

* Amendments

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.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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.

3. Group operating (loss)/profit

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

	<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 AUD\$</i>
Employee costs, excluding share-based payments	3,605,482	3,850,525
Exploration costs written off (note 11)	3,505,899	3,948,755
Depreciation (note 9)	83,798	546,683
Rehabilitation provision/(write back) (note 18)	5,197,191	(2,919,640)
Impairment to inventories	-	751,384
	<u>=====</u>	<u>=====</u>
Auditors' remuneration		
- UK (Group and Parent Company audit services)	28,311	50,989
- Australia (subsidiary company audit services)	40,000	53,460
	<u>=====</u>	<u>=====</u>

4. Other operating income

Group	<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 AUD\$</i>
Electricity sales income	129,633	936,362
Rental income	39,800	20,095
Sundry income	114,088	15,410
	<u>=====</u>	<u>=====</u>
	283,521	971,867
	<u>=====</u>	<u>=====</u>

5. Interest payable

Group	<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 AUD\$</i>
Interest on debt, convertible loan notes, related party financings and other	10,737,350	8,123,732
	<u>=====</u>	<u>=====</u>

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

6. Taxation

	<i>Year ended</i> <i>30 June 2016</i> <i>AUD\$</i>	<i>Year ended</i> <i>30 June 2015</i> <i>AUD\$</i>
Current tax		
Deferred tax asset (DTA) recognition	-	-
Deferred tax liability	-	-
	<u> </u>	<u> </u>
Total current tax charge/(credit) as reported in loss	<u> </u> -	<u> </u> -
The current tax charge for the period can be reconciled to the loss per income statement as follows:		
Group loss before tax	<u>(30,025,696)</u>	<u>(5,008,200)</u>
Tax at the Australian corporation tax rate of 30%	(9,007,709)	(1,502,460)
Tax effects of:		
Other non-deductible expenses	-	-
Tax losses not recognised	<u>9,007,709</u>	<u>1,502,460</u>
Total current tax charge/(credit) as reported in loss	<u> </u> -	<u> </u> -

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\$211.4 million (2015: AUD\$181.4 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 2016 of AUD\$1,178,870 (30 June 2015: loss of AUD\$88,219) has been included in the Company and Group income statements. The loss includes the income tax expense of AUD\$ Nil (2015: income of AUD\$ Nil).

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

8. Employee costs

Group

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

	<i>Year ended 30 June 2016</i>	<i>Year ended 30 June 2015</i>
	<i>AUD\$</i>	<i>AUD\$</i>
Wages, salaries and fees	4,186,114	3,516,461
Social security & superannuation costs	395,623	334,064
	<u>4,581,737</u>	<u>3,850,525</u>

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

Group

The average numbers of employees during the year were:

<i>Area:</i>	<i>Year ended 30 June 2016</i>	<i>Year ended 30 June 2015</i>
	<i>Number</i>	<i>Number</i>
Exploration	4	4
Administration	8	10
Mining	20	13
Processing (Mill)	10	5
Engineering (Maintenance)	15	12
Corporate	6	6
	<u>63</u>	<u>50</u>

NORSEMAN GOLD PLC
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9. Property, plant & equipment

Group	<i>Land and Buildings AUD\$</i>	<i>Fixed Plant and equipment AUD\$</i>	<i>Mine Infrastructure and mobile equipment AUD\$</i>	<i>Capital works in progress AUD\$</i>	<i>Total AUD\$</i>
Cost					
At 1 July 2015	780,208	7,965,342	14,117,608	1,201,935	24,065,093
Additions	-	62,180	157,727	41,230	261,137
Disposals	-	-	(803,283)	(341,922)	(1,145,205)
Reclassification	-	244,940	181,583	(426,520)	3
At 30 June 2016	780,208	8,272,462	13,653,635	474,723	23,181,028
Depreciation					
At 1 July 2015	(780,208)	(6,973,165)	(13,400,095)	-	(21,153,468)
Charge for year	-	(54,860)	(28,938)	-	(83,798)
On disposals	-	-	803,283	-	803,283
At 30 June 2016	(780,208)	(7,028,025)	(12,625,750)	-	(20,433,983)
Net book values					
30 June 2016	-	1,244,437	1,027,885	474,723	2,747,045
	=====	=====	=====	=====	=====
Group	<i>Land and Buildings AUD\$</i>	<i>Fixed Plant and equipment AUD\$</i>	<i>Mine Infrastructure and mobile equipment AUD\$</i>	<i>Capital works in progress AUD\$</i>	<i>Total AUD\$</i>
Cost					
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
Depreciation					
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)
Net book values					
30 June 2015	-	992,177	717,513	1,201,935	2,911,625
	=====	=====	=====	=====	=====

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
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10. Mine properties in production phase

Group	<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 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

Group	<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 AUD\$</i>
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases:		
At 1 July	751,105	-
Exploration expenditure incurred during the year	3,896,901	4,699,860
Exploration expenditure written off	(3,505,899)	(3,948,755)
	<hr/>	<hr/>
As at 30 June	1,142,107	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.

The Directors consider recent exploration and development expenditure, represented by the above carried forward E&E asset of \$1,142,107, at several projects including Harlequin, Maybell Gladstone-Everlasting and North Royal not to be impaired. It is expected that work on these projects will continue and could progress to mining or further feasibility work. It is noted that a Mining Plan was submitted and approved in June 2016 in relation to the Maybell project.

NORSEMAN GOLD PLC
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12. Goodwill

Group	<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 AUD\$</i>
Cost		
At 1 July and 30 June	44,983,622	44,983,622
Amortisation and impairment		
At 30 June	(44,983,622)	(44,983,622)
Net book value		
At 30 June	-	-

Goodwill arose on the acquisition of the Company's subsidiary undertakings in prior years. The Group tests goodwill for impairment at each reporting date and was fully impaired all goodwill in the prior financial years (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>
Company			
Cost			
At 1 July 2015	-	-	-
Loans made to subsidiaries in the year	-	-	-
Provisions for impairment	-	-	-
At 30 June 2016	-	-	-

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

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 in a prior year that a full impairment should be made for the investments in, and loans to, subsidiaries.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 2016</i>		<i>30 June 2015</i>	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Other receivables	1,618,925	-	3,694,556	2,652
Amounts due from subsidiary company	-	253,807	-	-
Prepayments	177,519	6,932	280,563	-
	<u>1,796,444</u>	<u>260,739</u>	<u>3,975,119</u>	<u>2,652</u>

15. Inventories

	<i>30 June 2016</i>		<i>30 June 2015</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	-
Work in progress – at cost				
- Ore stockpiles	-	-	-	-
- Gold in circuit	-	-	-	-
Raw materials and stores				
- net realisable value	336,045	-	407,732	-
	<u>336,045</u>	<u>-</u>	<u>1,146,052</u>	<u>-</u>

16. Cash and cash equivalents

As at 30 June 2015, included in the total cash and cash equivalents were restricted cash deposits of AUD\$575,628 which were held as security against the obligations for restoration and decommissioning expenditure under the mining production and exploration licences. No similar cash balances were held as security as at 30 June 2016.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
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17. Trade and other payables

	30 June 2016		30 June 2015	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Trade payables	7,429,953	57,850	7,206,369	37,431
Other payables	703,003	-	3,789,597	2,928,219
	<u>8,132,956</u>	<u>57,850</u>	<u>10,995,966</u>	<u>2,965,650</u>

18. Provisions for liabilities

Group	<i>Employees Benefits AUD\$</i>	<i>Restoration and decommissioning AUD\$</i>	<i>Total AUD\$</i>
Current:			
At 1 July 2015	164,926	-	164,926
Debit to income statement	(62,591)	-	(62,591)
	<u>102,335</u>	<u>-</u>	<u>102,355</u>
As at 30 June 2016			
	<u>102,335</u>	<u>-</u>	<u>102,355</u>
Non-current:			
At 1 July 2015	21,883	18,356,755	18,378,638
Credit to income statement	17,397	5,197,191	5,214,588
	<u>39,280</u>	<u>23,553,946</u>	<u>23,593,226</u>
As at 30 June 2016			
	<u>39,280</u>	<u>23,553,946</u>	<u>23,593,226</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.

NORSEMAN GOLD PLC
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19. Loans and borrowings

	30 June 2016		30 June 2015	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
Current:				
Finance facility – Related party	23,568,143	-	21,010,663	-
Related party loans	64,969,249	1,689,700	47,195,937	1,689,700
Convertible loan notes – Related party	10,000,000	10,000,000	10,000,000	10,000,000
Unpaid interest on convertible loan notes – Related party	4,331,781	4,331,781	-	-
	<u>102,869,173</u>	<u>16,021,481</u>	<u>78,206,600</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 Note

(a) Introduction

The Convertible Loan Note is AUD\$10,000,000 10% Secured Convertible Loan Notes issued to Tulla (a related party) 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 2015 Notes were issued pursuant to a Convertible Loan Note Instrument dated 14 February 2012.

Pursuant to a deed of priority dated 30 March 2012, save for the Tulla Security in relation to the exploration licences, the Farrer Security ranks first in priority and the Tulla Security ranks second in priority. The order of priority in relation to the exploration licences only is as follows: first, the Tulla Security and second, the Farrer Security.

The UK Convertible Loan Notes were fully settled in July 2014.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

19. Loans and borrowings (continued)

(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.

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\$102,869,173 due to Tulla, a company associated with Kevin Maloney.

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20. Share capital

		30 June 2016	30 June 2015		
		£	£		
Allotted, called up and fully paid					
Ordinary shares of 1.25p each		13,965,028	13,965,028		
		<u><u> </u></u>	<u><u> </u></u>		
		AUD\$	AUD\$		
Allotted, called up and fully paid					
Ordinary shares of 1.25p each		22,948,180	22,948,180		
		<u><u> </u></u>	<u><u> </u></u>		
Movement in issued and fully paid capital and share premium reserve	<i>Issued and fully paid capital</i>	<i>Share premium reserve</i>	<i>Issued and fully paid capital</i>	<i>Share premium reserve</i>	
	<i>Number</i>	<i>£</i>	<i>AUD\$</i>	<i>AUD\$</i>	
Total as at 30 June 2015	1,117,202,223	13,965,028	75,658,738	22,948,180	143,086,801
Total as at 30 June 2016	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 2016	Year ended 30 June 2015
	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 in year	-	-
Other reserves:		
At 1 July 2015 – share-based payments reserve	717,999	1,120,435
Share options and warrants lapsed	-	(402,436)
At 30 June 2016 – total other reserves	717,999	717,999

Share options and warrants outstanding

The details of exercisable share options and warrants outstanding at 30 June 2016 are as follows:

	<i>Number of Share options and warrants</i>
At 1 July 2015	6,050,000
Options and warrants expired and lapsed or cancelled in the year	-
At 30 June 2016	6,050,000

NORSEMAN GOLD PLC
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22. Financial instruments

Interest Rate Risk

At 30 June 2016, the Group had Australian Dollar cash deposits of AUD\$263,752 (30 June 2015: AUD\$575,628). The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on classes of financial assets and financial liabilities, was as follows:

	<i>Floating interest rate 30 June 2016 AUD\$</i>	<i>Non - Interest Bearing 30 June 2016 AUD\$</i>	<i>Floating interest rate 30 June 2015 AUD\$</i>	<i>Non - Interest Bearing 30 June 2015 AUD\$</i>
<i>Financial assets:</i>				
Cash at bank and in hand	263,752	-	575,628	-
	=====	=====	=====	=====

The effective weighted average interest rate was 1% (30 June 2015: 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.

NORSEMAN GOLD PLC
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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 2016		30 June 2015	
	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	6,094,640	-	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 2016, was as follows:

	Note	Fees/Salaries AUD\$	Share based payments AUD\$	2016 Total AUD\$	2015 Total AUD\$
Kevin Maloney		-	-	-	-
David Steinepreis		-	-	-	103,000
Gary Steinepreis	1	-	-	-	120,000
		=====	=====	=====	=====
Totals		-	-	-	223,000
		=====	=====	=====	=====

Notes:

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

Other transactions with related parties:

Included within loans and borrowings is AUD\$Nil (2015: AUD\$60,000) due to Ascent Capital Holdings Pty Limited, a company associated with Gary Steinepreis and AUD\$102,869,173 (2015: AUD\$78,146,600) due to Tulla, a company associated with Kevin Maloney.

NORSEMAN GOLD PLC
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25. Net cash flows from operating activities

Group	<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 AUD\$</i>
Group operating (loss)/profit	(19,290,411)	3,100,026
<i>Adjustments for items not requiring an outlay of funds:</i>		
Depreciation and amortisation	83,798	546,683
Exploration expenditure written off	3,505,899	3,948,755
Provision for rehabilitation costs	5,197,191	-
Write off of previously capitalised costs	341,919	-
Impairment of stock	-	751,384
	<hr/>	<hr/>
Net cash (outflow)/inflow before changes in working capital	(10,161,604)	8,346,848
Decrease in inventories	810,007	229,789
Decrease/(increase) in receivables and prepayments	2,178,675	(17,351)
Increase in payables	65,210	1,144,934
Decrease in provisions for liabilities	(45,194)	(3,102,836)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operations	(7,152,906)	6,601,384
Interest received	2,065	-
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	<u>(7,150,841)</u>	<u>6,601,384</u>

NORSEMAN GOLD PLC
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25. Net cash flows from operating activities (continued)

Company	<i>Year ended 30 June 2016 AUD\$</i>	<i>Year ended 30 June 2015 AUD\$</i>
Operating loss before impairment charges	(202,464)	(1,099,255)
Write back of intercompany loan provision	213,572	1,010,975
	<hr/>	<hr/>
Net cash inflow/(outflow) before changes in working capital	11,108	(88,280)
Increase in receivables and prepayments	(258,087)	(2,652)
Increase in trade and other payables	20,430	103,484
	<hr/>	<hr/>
Net cash (outflow)/inflow from operations	(226,549)	12,552
Interest received	1	71
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	<u>(226,548)</u>	<u>12,623</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 was unsuccessful in the Upper Tier Tribunal in challenging the Commissioner's decision claiming repayment of Value Added Tax (VAT). The Company has sought leave to appeal the Upper Tier Tribunal's decision which is listed in the Court of Appeal in April 2017. The Company is confident of being successful in this defence, however if the Company is unsuccessful the exposure is estimated at approximately £240,000.

Prosecution

In December 2015 the DMP served a Prosecution Notice on CNGC alleging a breach of the Mines Safety and Inspection Act, 1994 (WA) in relation to the fatality of Malcolm Wayne Fowlie on 15 February 2014. This prosecution is listed for hearing in the Magistrates Court of Western Australia commencing on 21 July 2017. The maximum fine that the Court can impose if the Company is unsuccessful is AUD\$625,000, plus legal costs.

NORSEMAN GOLD PLC
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29. Subsequent events

The following events occurred subsequent to 30 June 2016:

Following the fatality on 26 July 2016 the Department of Mines & Petroleum has issued a Prohibition Notice which has had the effect of preventing any processing of ore at the Phoenix Plant. Accordingly, there are no current active mining operations being undertaken on site at Norseman and no timeline as to when operations may resume.

Internal scoping studies are being undertaken in respect to potential projects during this 'pause and review' period. In addition, discussions are taking place with third parties as part of the corporate review being undertaken with Patersons Corporate Finance.

The Company has continued with the financial support of Tulla and Tulla has committed to continue funding the Group for the foreseeable future.