



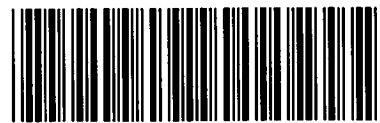
NORSEMAN GOLD PLC

(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 2017

SATURDAY



A6KXLD28

A12

09/12/2017

#181

COMPANIES HOUSE

NORSEMAN GOLD PLC
CONTENTS

	Pages
Directors, Secretary and Advisers	2
Strategic Report	3
Directors' Report	8
Directors' Biographies	11
Independent Auditors' Report	12
Group Statement of Comprehensive Income	15
Group Statement of Changes in Equity	16
Company Statement of Changes in Equity	17
Group Balance Sheet	18
Company Balance Sheet	19
Group Statement of Cash Flows	20
Company Statement of Cash Flows	21
Notes to the Financial Statements	22

NORSEMAN GOLD PLC
DIRECTORS, SECRETARY AND ADVISERS

Directors:	Kevin Maloney David Steinepreis	Executive Chairman Non-Executive Director
Company Secretary:	John Bottomley	
Company Registration Number: ARBN:	05380466 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	
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: Link Market Services Trustees Limited Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU Telephone: +44 (0) 1484 600921	
	Australia: Computershare Investor Services Pty Limited Level 2, 45 St. George's Terrace Perth Western Australia 6005 Telephone: 1300 787 272 Overseas: +61 8 9323 2000 Facsimile: +61 8 9323 2033	

NORSEMAN GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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 2017.

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 80 years with total production exceeding 5.5 million ounces of gold to June 2017.

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 2017. The Group made a loss after tax of AUD\$23.7 million for the year ended 30 June 2017 (2016: loss after tax of AUD\$30.0 million).

Business Review

As previously reported, in the light of improved processes and an increase in the price of gold, a number of new trials were undertaken in relation to various low grade stockpiles commencing in or about February 2016. These trials were ongoing through to July 2016.

In July and August 2016, The Company processed and sold to the Perth Mint 905 ounces of gold.

On 26 July 2016 a labour hire contractor was tragically killed when a steel gangway collapsed on him as he was undertaking work in a disused tank near to the Phoenix Processing Plant. On 27 July 2016 the Department of Mines and Petroleum (DMP) issued a Prohibition Notice requiring the Company to undertake an assessment by a competent person of the structural integrity of all workplace structures, buildings and plant. This Prohibition Notice had the effect of ceasing all processing operations on site.

The Company undertook a number of repairs to the Phoenix Processing Plant to enable it to process the gold in circuit at the time of the fatality and in April 2017 a further 591 ounces of gold was stripped from the circuit and sold to the Perth Mint.

The Prohibition Notice remains in effect and accordingly, the Company is currently not processing any ore and all associated mining activities on site have ceased while a full and detailed review of all potential projects is undertaken before a final decision is made in relation to the Phoenix Processing Plant. This has resulted in a reduced workforce.

As part of this review, the Company retained Sedgman Pty Ltd (Sedgman) to undertake a study into the Phoenix Processing Plant, the Phoenix Tails and for a Washplant to potentially process low grade waste dump material and related matters. In May 2017 Sedgman delivered its initial Report to the Company. This scoping study is currently being evaluated and additional work is being undertaken to progress various matters identified in the scoping study.

While the Group has been in 'pause and review' mode for the majority of the financial year, substantial desk top evaluation with intermittent field inspections has been carried out by the exploration team of geologists and mine engineers. In particular, project reviews have been carried out in respect to open pit deposits at Slippers, North Royal, Gladstone/Everlasting, Andronicus and Daisy. This has included designing and budgeting drilling programs, as appropriate.

Following the approval of the Mining Proposal for Maybell, substantial resource evaluation has been conducted in preparation for mining. Pit optimisations have also been undertaken on a number of the other priority deposits identified in the review.

In the light of substantial work over the past year, the Resources across the entire Norseman Project were also re-evaluated and a JORC 2012 Statement updating the Resources from February 2016 was signed off in November 2017.

NORSEMAN GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2017

As a condition of the Company's Environmental Protection Act 1986 (WA) Licence L8621/2011/1 the Company completed its updated Mine Closure Plan which it submitted to the Department of Mines, Industry, Regulation & Safety (DMIRS) (formerly the DMP) in August 2017. The Mine Closure Plan has been approved by the DMIRS.

Negotiations for Native Title Agreements with the Ngadju Native Title Aboriginal Corporation in respect to the applications for mining leases at Lady Miller (M63/646) and Gladstone/Everlasting (M63/659) were ongoing through this financial year, although no final agreements have yet been reached.

In addition to the focus on the above exploration work, during the period the Company has explored the opportunities for aggregate, sand and gypsum. The Company entered into a contract to provide aggregate to the Shire of Dundas for use in its upgrade of the Norseman airport.

In December 2015, the Company engaged Patersons Corporate Finance (Patersons) as corporate advisors to the Company. In September 2016 Tulla Resources Group Pty Ltd, the financier of the Group and major shareholder, entered into a Heads of Agreement to sell its shares and assign its debt to a third party. Under the Heads of Terms the parties agreed to complete the transaction by 20 November 2016. Due to the ill health of the principal of the third party that deadline was extended, however the transaction did not complete.

The Company has now terminated the corporate mandate with Patersons.

The Company also had a number of direct discussions with potential investors and joint venture partners. Despite receiving several proposals no third party agreements have yet been finalised.

In August 2017 the Company entered into a corporate mandate with PCF Capital Group Pty Ltd (PCF Capital). The review of the corporate strategy is ongoing with PCF Capital.

In 2017 St Clair Resources Pty Ltd (St Clair) commenced a series of proceedings in relation to the Company's tenements in the Wardens Court at Norseman seeking forfeiture and/or Objections to the Company's applications for expenditure exemptions. These proceedings by St Clair affect a total of 54 of the Group's tenements (the St Clair Proceedings). The Company has instructed solicitors and all these proceedings have now been transferred to the Warden's Court in Perth where they are being dealt with legally.

Subsequent events

The following events have occurred subsequent to 30 June 2017 (in addition to the matters referred to in the Business Review section above):

- The updated JORC 2012 Statement was completed as at November 2017. A summary is set out below:

	Open Pit - Nov2017			Underground - SNov 2017			Total		
Summary for Norseman	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Resource - Measured	4,305,000	0.80	110,000	391,000	16.75	207,000	4,697,000	2.10	317,000
Resource - Indicated	8,634,000	2.18	606,000	870,000	17.07	463,000	9,504,000	3.50	1,069,000
Resource - Inferred	11,192,000	3.50	1,336,000	1,534,000	17.46	798,000	12,725,000	5.22	2,135,000
Resource Total	24,131,000	2.61	2,023,000	2,795,000	17.42	1,468,000	26,926,000	4.03	3,491,000

The information in this Annual Report that relates to the November 2017 JORC Resources is based on information compiled by Andrew Hawker, a member of the Australian Institute of Mining & Metallurgy. Andrew Hawker is a Consultant whose services are provided by HGS Australia Exploration Services to the Company. Andrew Hawker is an experienced resource geologist and is a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Andrew Hawker consents to the inclusion of the summary of the November 2017 JORC Resource for the Company in the Annual Report.

*The JORC 2012 Resource Statement as at November 2017 is available from the Company, upon request.

NORSEMAN GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2017

- The work done to re-evaluate a number of the deposits has resulted in a significant increase in the Resources of 2.1 million ounces as set out in the Company's February 2016 JORC 2012 Resource Statement to 3,491,000 ounces in the 2017 Resource Statement.
- The Magistrates Court of Western Australia in Perth has set down the plea and mitigation in relation to the Fowlie prosecution for hearing on 12 February 2018.
- PCF Capital have prepared an Information Memorandum seeking expressions of interest from prospective purchasers, funders and/or joint venture partners which has been sent to interested parties who have executed a confidentiality agreement. This process is ongoing.
- The application for M63/646 (Lady Miller) was held to be invalid and was declared null and void following the High Court of Australia decision on 17 August 2017 in the matter of *Forrest & Forrest v Wilson and ors [2017] HAC 30*. On 1 November 2017, the Company made a new application for this mining lease (M63/666).

Going concern

The Group had exploration expenditure commitments in respect of its tenements of approximately AUD \$5.97million due within 12 months of 30 June 2017 (see note 23). The majority of the tenements form a combined reporting group C11/1995 known as the Norseman Project. In relation to the tenements the subject of the St Clair Proceedings, all expenditure commitments are suspended pending the outcome of those proceedings. This will significantly reduce the Company's exploration expenditure commitments for the current financial year ending June 2018. There is a secondary reporting group C161/2016 comprising E63/1753 and E63/1758 over Lake Dundas. These exploration expenditure commitments need to be met or the tenements may be at risk of forfeiture unless expenditure exemptions are approved. The Group incurred exploration expenditure in respect to the Norseman Project of AUD \$9.05 million in the financial year which is in excess of its required commitment.

Currently, the Group is reliant on the continual financial support of Tulla Resources Group Pty Ltd and related entities (**Tulla**) to support the operations. Tulla has indicated to the Board that it currently plans to continue to financially support the Group for the time being.

Tulla (and related entities) are the sole funders of the Group and there are currently no other financiers or lenders.

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 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 due enquiries and receiving representations from Tulla to the future funding of the operations pending the outcome of the PCF Capital Corporate Mandate 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 (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 particularly as it was significantly impacted by the imposition of the Prohibition Notice on 27 July 2016. The mine only produced 1,496 ounces of fine gold for the period and is currently in 'pause & review' with no active mining activities being undertaken on site.

NORSEMAN GOLD PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Principal risks and uncertainties facing the Company

The Norseman Project risks are as follows:

- The St Clair Proceedings seek forfeiture of a substantial number of the Company's tenements, including a number of key tenements. The tenements are a major asset of the Group. In the event that the St Clair Proceedings are successful and the Minister forfeits the plained tenements (or a number of them) it will severely impact the value of the Company.
- The resumption of processing is dependent on the lifting of the Prohibition Notice which currently affects the Phoenix Plant. The estimated capital costs of repairing the Phoenix Plant is substantial. No financial commitment has been procured for these works and no decision had been made in relation to the carrying out of these works and/or the timetable for the resumption of operations at the Phoenix Plant.
- 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 judgements 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.
- 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 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 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 2017

- 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

The Group's current financial risk management objectives are to minimise expenditure while it seeks new debt and/or equity and/or joint venture partner(s) or an outright purchaser through the PCF Capital Corporate Mandate. In the meantime, the Group's financial management 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.

Following the fatality on 26 July 2016 The Company has, at the direction of the Department of Mines, Industry, Regulation & Safety (formerly the Department of Mines & Petroleum) (**DMIRS**) obtained an independent Health & Safety Assessment report. In the light of that report, the Company has met with the DMIRS and has set up a Registrar to implement the recommendations set out in the report. As part of this process, the Group has reviewed and updated a number of its health and safety policies and procedures.

The Company has implemented a 'Care & Maintenance' Operations Plan.

The resident manager of Norseman is directly and collectively responsible to the Board for demonstrating that the EHS & SR Objectives are implemented and observed on site at Norseman. The resident manager has adopted management systems as guidance for this purpose.

The Group has and continues to maintain the EHS & SR policy that seeks to reduce the potential for any breach of its duties and obligations.

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

30 November 2017

NORSEMAN GOLD PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

The Directors present their directors' report, together with the audited financial statements the Group and the Company for the year ended 30 June 2017.

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 2017. The Group made a loss after tax of AUD\$23.7 million for the year ended 30 June 2017 (2016: loss after tax of AUD\$30.0 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 2017 and subsequent to that year end date:

Kevin Maloney
David Steinepreis

Directors' interests

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

<i>30 June 2017</i>	<i>Ordinary shares of 1.25p each</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, Croesus Mining 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 2017

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 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 has not received any remuneration for his services from October 2014 to June 2017.

Directors' remuneration

The remuneration paid or accrued 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 2017, was as follows:

	<i>Fees/Salaries</i>	<i>Share based</i>	<i>2017</i>	<i>2016</i>
	<i>AUD\$</i>	<i>payments</i>	<i>Total</i>	<i>Total</i>
		<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>
Kevin Maloney	-	-	-	-
David Steinepreis	\$60,000	-	\$60,000	\$60,000
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$60,000	-	\$60,000	\$60,000
	<hr/>	<hr/>	<hr/>	<hr/>

The Company has accrued expenses totalling \$165,000 for unpaid Directors' remuneration for services provided by David Steinepreis from 1 October 2014 to 30 June 2017.

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

There are no share options and warrants outstanding at 30 June 2017 (see 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:

- there is no relevant audit information of which the Company's auditors are unaware; and
- 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.

NORSEMAN GOLD PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Statement of responsibilities of those charged with governance

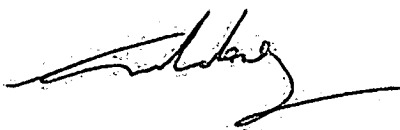
The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards as adopted by the European Union ("IFRS"). UK Company Law requires the Directors to prepare financial statements for each financial period which give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

30 November 2017

NORSEMAN GOLD PLC
DIRECTORS' BIOGRAPHIES

Kevin Maloney, Executive Chairman, aged 70

Mr Maloney is Chairman of the Tulla Resources Group of companies which has now invested significantly in the future of Norseman by direct funding through shares and convertible loan notes and debt. 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 60

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

Qualified opinion on financial statements

We have audited the financial statements of Norseman Gold plc for the year ended 30 June 2017 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 Flows and the related notes, including a summary of significant accounting policies. 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report below, the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 30 June 2017 and of the Group and Parent company's loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

Except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report above, we have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm. This description forms part of our auditor's report.

This report is made solely to the Company's members, as a body, in accordance with part 3 of Chapter 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.



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

30 November 2017

NORSEMAN GOLD PLC
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

		<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
	<i>Notes</i>		
Continuing operations			
Group revenue	2	2,484,171	16,111,933
Cost of sales – direct costs		(6,733,584)	(23,531,818)
Gross loss		(4,249,413)	(7,419,885)
Other operating income	4	630,910	283,521
Administrative expenses before depreciation, exploration expenditure write off, rehabilitation costs write back and impairments		(2,922,727)	(3,367,159)
Rehabilitation costs – write back/(provision)	18	2,448,129	(5,197,191)
Exploration expenditure write off	11	(4,206,192)	(3,505,899)
Depreciation and impairment of property, plant & equipment	9	(2,776,539)	(83,798)
Total administrative expenses		(7,457,329)	(12,154,047)
Group operating loss	3	(11,075,832)	(19,290,411)
Interest receivable		156	2,065
Interest payable	5	(12,630,434)	(10,737,350)
Loss before taxation		(23,706,110)	(30,025,696)
Taxation	6	-	-
Loss for the year		(23,706,110)	(30,025,696)
Other comprehensive income		-	-
Total comprehensive income attributable to equity holders of the Company		(23,706,110)	(30,025,696)

NORSEMAN GOLD PLC
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	<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 2017					
Balance at 1 July 2016	22,948,180	143,086,801	717,999	(295,165,277)	(128,412,297)
Net loss for 2017	-	-	-	(23,706,110)	(23,706,110)
Total comprehensive income for the period	-	-	-	(23,706,110)	(23,706,110)
Transfer of reserve upon lapsing of share options	-	-	(717,999)	717,999	-
Balance at 30 June 2017	<u>22,948,180</u>	<u>143,086,801</u>	<u>-</u>	<u>(318,153,388)</u>	<u>(152,118,407)</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 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>

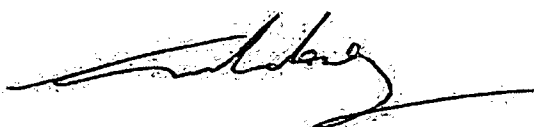
NORSEMAN GOLD PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	<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 2017					
Balance at 1 July 2016	22,948,180	143,086,801	717,999	(182,570,729)	(15,817,749)
Net loss for 2017	-		-	(1,135,618)	(1,135,618)
Total comprehensive income for the period	-	-	-	(1,135,618)	(1,135,618)
Transfer of reserve upon lapsing of share options	-	-	(717,999)	717,999	-
Balance at 30 June 2017	22,948,180 =====	143,086,801 =====	- =====	(182,988,348) =====	(16,953,367) =====
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) =====

NORSEMAN GOLD PLC
GROUP BALANCE SHEET
AS AT 30 JUNE 2017

	<i>Notes</i>	<i>30 June 2017</i> <i>AUD\$</i>	<i>30 June 2016</i> <i>AUD\$</i>
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	-	2,747,045
Exploration and evaluation assets	11	-	1,142,107
		<hr/>	<hr/>
		-	3,889,152
Current Assets			
Trade and other receivables	14	46,065	1,796,444
Inventories	15	381,069	336,045
Cash and cash equivalents	16	323,137	263,752
		<hr/>	<hr/>
		750,271	2,396,241
Total Assets			
		<hr/>	<hr/>
		750,271	6,285,393
LIABILITIES			
Current Liabilities			
Trade and other payables	17	6,889,446	8,132,956
Provisions for liabilities	18	77,033	102,335
Loans and borrowings	19	124,724,490	102,869,173
		<hr/>	<hr/>
		131,690,969	111,104,464
Non-Current Liabilities			
Provisions for liabilities	18	21,177,709	23,593,226
		<hr/>	<hr/>
		21,177,709	23,593,226
Total Liabilities			
		<hr/>	<hr/>
		152,868,678	134,697,690
Net Liabilities			
		<hr/>	<hr/>
		(152,118,407)	(128,412,297)
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
Retained losses		(318,153,388)	(295,165,277)
		<hr/>	<hr/>
Shareholders' Equity		(152,118,407)	(128,412,297)
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors 30 November 2017 and signed on its behalf by:




Kevin Maloney
Chairman

Company Registration number 5380466

NORSEMAN GOLD PLC
COMPANY BALANCE SHEET
AS AT 30 JUNE 2017

	<i>Notes</i>	<i>30 June 2017</i> <i>AUD\$</i>	<i>30 June 2016</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	346,812	260,739
Cash and cash equivalents		10,631	843
		<hr/>	<hr/>
		357,443	261,582
		<hr/>	<hr/>
Total Assets		357,443	261,582
LIABILITIES			
Current Liabilities			
Trade and other payables	17	124,330	57,850
Loans and borrowings	19	17,186,480	16,021,481
		<hr/>	<hr/>
		17,310,810	16,079,331
		<hr/>	<hr/>
Total Liabilities		17,310,810	16,079,331
Net Liabilities		<hr/> <hr/> (16,953,367)	<hr/> <hr/> (15,817,749)
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
Retained losses		(182,988,348)	(182,570,729)
		<hr/>	<hr/>
Shareholders' Equity		(16,953,367)	(15,817,749)
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board of Directors on 30 November 2017 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 2017

	<i>Notes</i>	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
Net cash outflow from operating activities	25	(6,373,372)	(7,150,841)
Investing activities			
Proceeds from sale of assets		335,000	-
Funds used in exploration expenditure	11	(3,064,085)	(3,896,901)
Purchases of plant & equipment	9	(63,040)	(261,137)
Net cash used in investing activities		(2,792,125)	(4,158,038)
Financing activities			
Cash proceeds from related party financing	19	9,224,883	10,997,003
Net cash from financing activities		9,224,883	10,997,003
Increase/(decrease) in cash and cash equivalents		59,385	(311,876)
Cash and cash equivalents at beginning of year		263,752	575,628
Cash and cash equivalents at end of year		323,137	263,752

NORSEMAN GOLD PLC
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	<i>Notes</i>	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
Net cash inflow/(outflow) from operating activities	25	68,474	(226,548)
Investing activities			
Loan granted to subsidiaries		(150,000)	-
Loan repayments from subsidiaries		91,314	213,572
Net cash (used in)/from investing activities		(58,686)	213,572
Increase/(decrease)in cash and cash equivalents		9,788	(12,976)
Cash and cash equivalents at beginning of year		843	13,819
Cash and cash equivalents at end of year		10,631	843

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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\$11,075,000 and a net loss of AUD\$23,706,000 for the year, which follows an operating loss of AUD\$19,290,000 and net loss of AUD\$30,026,000 for the previous financial year ended 30 June 2016.

The Group had cash of AUD\$0.32 million and net liabilities of AUD\$152.1 million at 30 June 2017.

The Group had exploration expenditure commitments in respect of its tenements of approximately AUD \$5.97million due within 12 months of 30 June 2017 (see note 23). The majority of the tenements form a combined reporting group C11/1995 known as the Norseman Project. In relation to the tenements the subject of the St Clair Proceedings, all expenditure commitments are suspended pending the outcome of those proceedings. This will significantly reduce the Company's exploration expenditure commitments for the current financial year ending June 2018. There is a secondary reporting group C161/2016 comprising E63/1753 and E63/1758 over Lake Dundas. These exploration expenditure commitments need to be met or the tenements may be at risk of forfeiture unless expenditure exemptions are approved. The Group incurred exploration expenditure in respect to the Norseman Project of AUD \$9.05 million in the financial year which is in excess of its required commitment.

Currently, the Group is reliant on the continual financial support of Tulla Resources Group Pty Ltd and related entities (**Tulla**) to support the operations. Tulla has indicated to the Board that it currently plans to continue to financially support the Group for the time being.

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 due 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 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 due 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 2017

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 2017

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.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 did not incur any share-based expenses upon the issue of share options to certain directors, contractors and employees by way of issue of share options. In the past, the fair value of these payments has been 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 2017 was £1 = \$1.72 (2016: £1 = \$1.79).

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.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 2017

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>
<i>IAS 7*</i>	<i>Statement of cash flow</i>	<i>1 January 2017</i>
<i>IAS 12*</i>	<i>Income taxes</i>	<i>1 January 2017</i>
<i>IFRS 9*</i>	<i>Financial Instruments</i>	<i>1 January 2018</i>
<i>IFRS 15</i>	<i>Revenue from Contracts with Customers</i>	<i>1 January 2018</i>
<i>IFRS 16</i>	<i>Leases</i>	<i>1 January 2019</i>

* 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.

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 the government controlled Perth Mint.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

3. Group operating loss

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

	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
Employee costs, excluding share-based payments	2,100,517	3,605,482
Exploration costs written off (note 11)	4,206,192	3,505,899
Depreciation and impairment of property, plant & equipment (note 9)	2,776,539	83,798
Rehabilitation (write back)/provision (note 18)	(2,448,128)	5,197,191
	<u> </u>	<u> </u>
Auditors' remuneration		
- UK (Group and Parent Company audit services)	36,436	28,311
- Australia (subsidiary company audit services)	37,000	40,000
	<u> </u>	<u> </u>

4. Other operating income

Group	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
Electricity sales income	-	129,633
Profit on sale of assets	335,000	-
Rental income	69,250	39,800
Sundry income	226,660	114,088
	<u> </u>	<u> </u>
	630,910	283,521
	<u> </u>	<u> </u>

5. Interest payable

Group	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
Interest on debt, convertible loan notes, related party financings and other	12,630,434	10,737,350
	<u> </u>	<u> </u>

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

6. Taxation

	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 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>(23,706,110)</u>	<u>(30,025,696)</u>
Tax at the Australian corporation tax rate of 30%	(7,111,833)	(9,007,709)
Tax effects of:		
Other non-deductible expenses	-	-
Tax losses not recognised	7,111,833	9,007,709
	<u> </u>	<u> </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\$232.0 million (2016: AUD\$211.4 million). A resulting deferred tax asset has not been recognised in respect of such losses due to the uncertainty of future profit streams.

7. Parent 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 2017 of AUD\$1,135,618 (30 June 2016: loss of AUD\$1,178,870) has been included in the Group income statements. The loss includes the income tax expense of AUD\$ Nil (2016: income of AUD\$ Nil).

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

8. Employee costs

Group

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

	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
Wages, salaries and fees	1,918,280	4,186,114
Social security & superannuation costs	182,237	395,623
	<u>2,100,517</u>	<u>4,581,737</u>

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

Group	<i>Year ended 30 June 2017 Number</i>	<i>Year ended 30 June 2016 Number</i>
The average numbers of employees during the year were:		
<i>Area:</i>		
Exploration	4	4
Administration	4	8
Mining	-	20
Processing (Mill)	-	10
Engineering (Maintenance)	6	15
Corporate	6	6
	<u>20</u>	<u>63</u>

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 2016	780,208	8,272,462	13,653,635	474,723	23,181,028
Additions	-	2,371	56,800	3,869	63,040
Disposals	-	-	(158,651)	(33,547)	(192,198)
Reclassification	-	273,623	171,423	(445,045)	1
At 30 June 2017	780,208	8,548,456	13,723,207	-	23,051,871
Depreciation					
At 1 July 2016	(780,208)	(7,028,025)	(12,625,750)	-	(20,433,983)
Depreciation charge	-	(35,665)	(18,813)	-	(54,478)
Impairment charge	-	(1,484,766)	(1,237,295)	-	(2,722,061)
On disposals	-	-	158,651	-	158,651
At 30 June 2017	(780,208)	(8,548,456)	(13,723,207)	-	(23,051,871)
Net book values					
30 June 2017	-	-	-	-	-

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)
Reclassifications	-	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

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

9. Property, plant & equipment (continued)

The Directors review the carrying values of property, plant and equipment periodically to ensure the carrying value will be recovered by ongoing mining activities. The Directors believe the property, plant and equipment has a recoverable value, however there is currently insufficient evidence to support the actual carrying values. Accordingly, the Directors have elected to fully impair (AUD\$2.7 million) the carrying value of property, plant and equipment. Should a decision be made in the future to reopen operations a further assessment of these values will be made and in particular whether a reversal of the impairment charges are justified.

10. Mine properties in production phase

Group	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
At 1 July		
Mining expenditure incurred during the year	-	-
Amortisation during the year	-	-
Impairment charge during the year	-	-
	<u> </u>	<u> </u>
As at 30 June	<u> </u>	<u> </u>

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 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases:		
At 1 July	1,142,107	751,105
Exploration expenditure incurred during the year	3,064,085	3,896,901
Exploration expenditure written off	(4,206,192)	(3,505,899)
	<u> </u>	<u> </u>
As at 30 June	<u> </u>	<u> </u>

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 that there are currently indicators of impairment, and subsequently deemed it appropriate to write the E&E assets to \$Nil as at 30 June 2017.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

12. Goodwill

Group	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 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 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 2016	-	-	-
Loans made to subsidiaries in the year	58,686	-	58,686
Provisions for impairment	(58,686)	-	(58,686)
At 30 June 2017	-	-	-
Company			
Cost			
At 1 July 2015	-	-	-
Loans made to subsidiaries in the year	-	-	-
Provisions for impairment	-	-	-
At 30 June 2016	-	-	-

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 2017

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 2017</i>		<i>30 June 2016</i>	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Other receivables	30,912	1,812	1,618,925	-
Amounts due from subsidiary company	-	345,000	-	253,807
Prepayments	15,153	-	177,519	6,932
	<u>46,065</u>	<u>346,812</u>	<u>1,796,444</u>	<u>260,739</u>

15. Inventories

	<i>30 June 2017</i>		<i>30 June 2016</i>	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Gold bullion – at net realisable value	-	-	-	-
Work in progress – at cost	-	-	-	-
- Ore stockpiles	-	-	-	-
- Gold in circuit	-	-	-	-
Raw materials and stores	-	-	-	-
- net realisable value	381,069	-	336,045	-
	<u>381,069</u>	<u>-</u>	<u>336,045</u>	<u>-</u>

16. Cash and cash equivalents

Cash and cash equivalents as at 30 June 2017 for the Group amounted to AUD\$323,137 (30 June 2016: AUD\$263,752) and for the Company AUD\$10,631 (2016: AUD\$843).

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

17. Trade and other payables

	<i>30 June 2017</i>		<i>30 June 2016</i>	
	<i>Group AUD\$</i>	<i>Company AUD\$</i>	<i>Group AUD\$</i>	<i>Company AUD\$</i>
Trade payables	6,378,279	31,108	7,429,953	57,850
Other payables	511,167	93,222	703,003	-
	<u>6,889,446</u>	<u>124,330</u>	<u>8,132,956</u>	<u>57,850</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 2016	102,335	-	102,335
Credit to income statement	(25,302)	-	(25,302)
	<u>77,033</u>	<u>-</u>	<u>77,033</u>
As at 30 June 2017			
	<u>77,033</u>	<u>-</u>	<u>77,033</u>
Non-current:			
At 1 July 2016	39,280	23,553,946	23,593,226
Debit to income statement	32,612	-	32,612
Credit to income statement	-	(2,448,129)	(2,448,129)
	<u>71,892</u>	<u>21,105,817</u>	<u>21,177,709</u>
As at 30 June 2017			
	<u>71,892</u>	<u>21,105,817</u>	<u>21,177,709</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 approximately 1% of the estimated mine rehabilitation.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

19. Loans and borrowings

	30 June 2017		30 June 2016	
	Group AUD\$	Company AUD\$	Group AUD\$	Company AUD\$
Current:				
Finance facility – Related party	26,428,632	-	23,568,143	-
Related party loans	82,964,077	1,854,700	64,969,249	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	5,331,781	5,331,780	4,331,781	4,331,781
	<u>124,724,490</u>	<u>17,186,480</u>	<u>102,869,173</u>	<u>16,021,481</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 a rate of 11.46% per annum on a monthly compounding basis,
- 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.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 (excluding the Farrer Security and the Tulla Security) are currently unsecured with interest being accrued at 11.46% per annum on a monthly compounding basis. No interest has been paid during or since the end of the financial year.

Included in this balance is AUD\$124,499,490 due to Tulla, a company associated with Kevin Maloney. This balance also includes outstanding Directors’ remuneration for services provide by David Steinepreis (AUD\$165,000) and Gary Steinepreis (AUD\$60,000), a former Director.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

20. Share capital

			30 June 2017	30 June 2016	
			£	£	
Allotted, called up and fully paid					
Ordinary shares of 1.25p each			13,965,028	13,965,028	
			AUD\$	AUD\$	
Allotted, called up and fully paid					
Ordinary shares of 1.25p each			22,948,180	22,948,180	
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>£</i>	<i>AUD\$</i>	<i>AUD\$</i>
Total as at 30 June 2016	1,117,202,223	13,965,028	75,658,738	22,948,180	143,086,801
Total as at 30 June 2017	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 2017	Year ended 30 June 2016
	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 2016 – share-based payments reserve	717,999	717,999
Share options and warrants lapsed	(717,999)	-
	<u> </u>	<u> </u>
At 30 June 2017 – total other reserves	-	717,999
Share options and warrants outstanding		
There are no share options or warrants outstanding at 30 June 2017		
At 1 July 2016		6,050,000
Share options lapsed		(6,050,000)
		<u> </u>
At 30 June 2017		-

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

22. Financial instruments

Interest Rate Risk

At 30 June 2017, the Group had Australian Dollar cash deposits of AUD\$323,137 (30 June 2016: AUD\$263,752). 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 2017 AUD\$</i>	<i>Non - Interest Bearing 30 June 2017 AUD\$</i>	<i>Floating interest rate 30 June 2016 AUD\$</i>	<i>Non - Interest Bearing 30 June 2016 AUD\$</i>
<i>Financial assets:</i>				
Cash at bank and in hand	323,137	-	263,752	-

The effective weighted average interest rate was 1% (30 June 2016: 1%).

Net Fair Value

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

Currency Risk

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

Financial Risk Management

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

Credit Risk

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

Price Risk

The Group has an exposure to commodity price risk. The Group has not hedged against this risk but continues to keep the matter under review in line with its Financial Risk Management Policy.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 2017		30 June 2016	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>
As at the balance sheet date the aggregate amount payable is:				
Within not more than one year	5,970,880	-	6,094,640	-

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 Directors are of the opinion that where expenditure commitments have not been met for certain tenements, the Group will qualify for expenditure exemptions in relation to the under expenditure.

24. Related party transactions

The Key management of the Group comprises the Directors of the Company. The remuneration paid or accrued 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 2017, was as follows:

	<i>Note</i>	<i>Fees/Salaries</i>	<i>Share based</i>	<i>2017</i>	<i>2016</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		\$60,000	-	\$60,000	\$60,000
Totals		\$60,000	-	\$60,000	\$60,000

Other transactions with related parties:

- Included within loans and borrowings is AUD\$124,499,490 (2016: AUD\$102,869,173) due to Tulla, a company associated with Kevin Maloney. Furthermore, the loans and borrowings balance includes outstanding Directors' remuneration for services provide by David Steinepreis (AUD\$165,000) and Gary Steinepreis (AUD\$60,000), a former Director.
- Tulla Group Pty Ltd, a company associated with Kevin Maloney, has paid invoices on behalf of the Group and these invoices have been recharged to the Group at cost, with no administration or mark-up fee.
- JLM Transport & Logistics Pty Ltd, a company associated with Kevin Maloney, has provided use of two (2) prime movers (trucks) to the Group to meet the Group's haulage needs. This equipment has been provided on a daily hire basis. There is no charge for downtime.
- Tulla Equipment Hire Pty Ltd, a company associated with Kevin Maloney, has provided use of one (1) trommel to the Group for material screening purposes. This equipment has been provided on a daily hire basis. There is no charge for downtime.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

25. Net cash flows from operating activities

Group	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
Group operating loss	(11,075,832)	(19,290,411)
<i>Adjustments for items not requiring an outlay of funds:</i>		
Depreciation and impairment	2,776,538	83,798
Exploration expenditure written off	4,206,192	3,505,89
Profit on sale of assets	(335,000)	-
Provision for rehabilitation costs (write back)/expense	(2,448,128)	5,197,191
Write off of previously capitalised costs	33,547	341,919
	<hr/>	<hr/>
Net cash outflow before changes in working capital	(6,842,683)	(10,161,604)
Decrease in inventories	(45,024)	810,007
Decrease in receivables and prepayments	1,750,379	2,178,675
(Increase)/decrease in payables	(1,243,510)	65,210
Decrease/(increase) in provisions for liabilities	7,309	(45,194)
	<hr/>	<hr/>
Net cash outflow from operations	(6,373,529)	(7,152,906)
Interest received	157	2,065
	<hr/>	<hr/>
Net cash outflow from operating activities	<u>(6,373,372)</u>	<u>(7,150,841)</u>

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

25. Net cash flows from operating activities (continued)

Company	<i>Year ended 30 June 2017 AUD\$</i>	<i>Year ended 30 June 2016 AUD\$</i>
Operating loss including impairment charges	(135,630)	(202,464)
Write back of intercompany loan provision	58,686	213,572
Net cash (outflow)/increase before changes in working capital	(76,944)	11,108
Increase in receivables and prepayments	(86,073)	(258,087)
Increase in trade and other payables	66,480	20,430
Increase in related party loans	165,000	-
Net cash inflow/(outflow) from operations	68,463	(226,549)
Interest received	11	1
Net cash inflow/(outflow) from operating activities	68,474	(226,548)

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), who is also the largest shareholder.

28. Contingent liabilities

UK VAT Dispute

The Company was not granted leave to appeal the decision of the Upper Tier in respect to the recovery of Value Added Tax (VAT) in relation to its first claim. A liability of approximately £55,000 has been recognised in the financial results for the year ended 30 June 2017. The Company continues to pursue proceedings for the recovery of VAT in relation to its second claim, however if the Company is unsuccessful the exposure is estimated to be approximately £200,000.

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. The Company has entered a formal plea of guilty in relation to a downgraded Level 3 grade prosecution. The plea and mitigation is listed for hearing in the Magistrates Court of Western Australia on 12 February 2018. The maximum fine that the Court can impose is AUD\$500,000, plus legal costs.

The DMP investigations in respect to the incident at North Royal on 21 August 2015 and the fatality on 26 July 2016 are ongoing.

NORSEMAN GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

29. Subsequent events

The following events have occurred subsequent to 30 June 2017:

- The updated JORC 2012 Statement was completed as at November 2017. A summary is set out below:

	Open Pit - Nov2017			Underground - SNov 2017			Total		
Summary for Norseman	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Resource - Measured	4,305,000	0.80	110,000	391,000	16.75	207,000	4,697,000	2.10	317,000
Resource - Indicated	8,634,000	2.18	606,000	870,000	17.07	463,000	9,504,000	3.50	1,069,000
Resource - Inferred	11,192,000	3.50	1,336,000	1,534,000	17.46	798,000	12,725,000	5.22	2,135,000
Resource Total	24,131,000	2.61	2,023,000	2,795,000	17.42	1,468,000	26,926,000	4.03	3,491,000

The information in this Annual Report that relates to the November 2017 JORC Resources is based on information compiled by Andrew Hawker, a member of the Australian Institute of Mining & Metallurgy. Andrew Hawker is a Consultant whose services are provided by HGS Australia Exploration Services to the Company. Andrew Hawker is an experienced resource geologist and is a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Andrew Hawker consents to the inclusion of the summary of the November 2017 JORC Resource for the Company in the Annual Report.

*The JORC 2012 Resource Statement as at November 2017 is available from the Company, upon request.

- The work done to re-evaluate a number of the deposits has resulted in a significant increase in the Resources of 2.1 million ounces as set out in the Company's February 2016 JORC 2012 Resource Statement to 3,491,000 ounces in the 2017 Resource Statement.
- The Magistrates Court of Western Australia in Perth has set down the plea and mitigation in relation to the Fowlie prosecution for hearing on 12 February 2018.
- PCF Capital have prepared an Information Memorandum seeking expressions of interest from prospective purchasers, funders and/or joint venture partners which has been sent to interested parties who have executed a confidentiality agreement. This process is ongoing.
- The application for M63/646 (Lady Miller) was held to be invalid and was declared null and void following the High Court of Australia decision on 17 August 2017 in the matter of *Forrest & Forrest v Wilson and ors [2017] HAC 30*. On 1 November 2017, the Company made a new application for this mining lease (M63/666).