NORSEMAN GOLD PLC

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

CONTENTS

NORSEMAN GOLD PLC
DIRECTORS, SECRETARY AND ADVISERS

Directors:	Kevin Maloney David Steinepreis Gary Steinepreis	Executive Chairman Non-Executive Director Non-Executive Director
Company Secretary:	John Bottomley	
Company Registration Number: **ARBN:**	5380466 122 088 073	
Registered Office:	One America Square Crosswall London EC3N 2SG	
Principal Office in Australia:	Suite 5, Level 2 2 Grosvenor Street Bondi Junction NSW 2022 Telephone: +61 2 9387 5900 Web: www.norsemangoldplc.com Email: investors@ngold.com.au	
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Group Auditors:	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW	
Registrars:	**United Kingdom:** Capita IRG Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU Telephone: +44 (0) 1484 600921 **Australia:** Computershare Investor Services Pty Limited Level 2 / 45 St. George's Terrace Perth Western Australia 6005 Telephone: 1300 85 05 05 Overseas: +61 3 9415 4000 Facsimile: +61 8 9323 2033	
Stock Exchange:	The shares are listed on ASX – code NGX (currently suspended)	

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 2014.

The Company is listed on the Australian Securities Exchange ("ASX") but the trading in the securities is suspended.

Principal activity and significant events

The Group's principal activity is the operation of Central Norseman Gold Corporation Pty Ltd ("CNGC" or "the Norseman Project"). The Norseman Project is located adjacent to the Norseman township, approximately 725 kilometres east of Perth, Western Australia. It is one of Australia's longest continuously running gold mining operations having produced gold for over 65 years with total production exceeding 5.5 million ounces of gold to June 2014.

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

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

Results and dividends

The Group results for the year are set out in the Financial Statements. The Directors do not propose to recommend any dividends for the reporting year ended 30 June 2014. The Group made a loss after tax of AUD$6.9 million for the year ended 30 June 2014 (2013: loss after tax of AUD$69.2 million).

Business review and going concern

In April 2013, mining recommenced in the Bullen mine and the first gold was milled and poured in May 2013. Based on a review of the reserve and resource models, mining was primarily focussed on the St Pats 2 area. Despite the use of different mining techniques and constant geological review, the results from the mining of this area were disappointing and a decision to stop any future development work in the St Pats 2 was made in August 2013. However, for the remainder of the financial year, remnant mining has continued in the Bullen Mine.

During the year, decisions were made to mine the HV Crown Pillar in the HV1 open cut pit and to extract pillars from the North Royal Underground mine via open cut mining methods. Both of these operations provided positive cash operations although both had operational issues. In regards to the HV1 Crown Pillar, the establishment of the initial decline to reach the Crown Pillar took significantly longer than expected. Once the extraction of ore commenced, the mining of the ore was then impacted by a fatality that occurred on 17 February 2014. Mining operations were suspended for approximately 6 weeks while investigations were undertaken. Underground airleg mining of the Crown Pillar ceased in early June 2014 and the remaining ore from the Crown Pillar was extracted from the surface and this was completed in August 2014.

Since September 2014, operations recommenced in the HV1 pit to extract additional ore from the HV2 vein. In relation, to the North Royal, mining of the underground pillars had varied success, as many of the pillars shown on the available mine plans completed near the end of the Underground mining operations had already been mined. However, the remaining pillars extracted still provided a positive contribution to the Group's results.

The Group had cash of AUD$1.3 million at 30 June 2014. Management have prepared short to medium term production plans. The Directors have reviewed these plans with the intent to maximise the cash generated by mine. The plans have generally produced positive operating cash inflows since 1 July 2014 (excluding debt servicing of capital and interest due). The plans were prepared on the basis of remnant mining of the Bullen, Harlequin and North Royal mines that have continued production.

The Statement of Mineral Resources as at 1 September 2014 was updated and released to ASX in December 2014. In summary, the Company is reporting a total Resource of 2.1 million ounces of gold. No Reserves are reported.

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

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

* Underground Resources use a marginal cut-off grade of 9g/t over approximately 0.7m and Open Pit Resources utilise a marginal cut-off grade of 0.7 – 1.0g/t in diluted models. A gold price of A$1,700 per ounce has been used. (For cut-off grade definitions, see JORC Table 1.)

* Surface low grade stockpiles are included in the Open Pit Resources.

* Mineral Resources are included on a 100% basis.

* Rounding may result in apparent summation differences between tonnes, grade and contained metal content.

* Resources are being reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code 2012").

Statement of material changes

Reserves

There are no Reserves being reported in 2014 due to the high mining costs and reduced gold price being currently experienced by the Australian gold mining industry. Reserves are being reviewed and the following activities are underway:

Mining Activities

1. *Bullen*

   Trial Resue mining and a thorough examination of its applicability and other narrow vein selective mining methods are being carried out, specifically remnant pillar mining is being carried out at Bullen West and St Pats. Mining of the Mararoa Reef from the 320RL is also underway. This operation is working on a weekly/monthly basis and will continue for as long as it is economic.

2. *Harlequin*
   Currently mining the HV2 lode/vein. This vein was intersected in the Major Decline and was also previously mined by the Open Pit operation. Samples were taken of the HV2 vein from the Major Decline and the north wall of the HV1 pit indicating +30g/t gold with a true width of 250mm to 300mm. The lode / vein was exposed below the main haulage ramp and proved to be viable and a small pit was designed to mine it. It is expected that mining will be completed by the end of December 2014.

Resources

There are 2 main reasons for the reduced ounces in the 2014 Resource compared with the 2012 Resource:

1. There has been a significant loss of tonnage in the 2014 Indicated category as a result of the increased cut-off grade applied for underground mining. This has however resulted in a much higher underground grade (17g/t). Whereas the 2004 JORC Code previously required "eventual economic extraction" without reference to any timeframe or costs for material to be placed in the Resource category, JORC 2012 now requires statement of a gold price and a current cost to arrive at a cut-off grade. In the past, large gold systems such as Norseman have continued to uncover high grade shoots which have prolonged mine life and the 2004 definition, resulting in the use of a lower cut-off grade, was applicable. The cut-off grade used for underground mining Resources in 2014 has been increased to 9g/t over an average width of approximately 0.7m to reflect the higher mining costs experienced in the period 2012-2014. The underground cut-off grade used includes mining costs, power, water, overheads, haulage and milling costs. It does not include the cost of development, cost of refurbishment to regain access to non-maintained areas, those areas under water or other capital costs. Resources are estimated using an A$1,700 per ounce gold price. Where some areas have been deemed too difficult to now access because of current mining, they have been eliminated.

2. There has been a major decrease in the Inferred category of material. In the Crown Reef the extension distance has been reduced. There still exists potential for Resource in Hanging Wall splays, other sub parallel structures as well as Remnant pillars and at depth in the Crown Reef. Under JORC 2012 some of this previously reported Resource has been placed in the Exploration Target category and is not being reported.

Other activities

1. *North Royal*
   A feasibility study is underway to determine if the remaining pillars at the North Royal mine can be mined by Open Pit methods.

2. *Crown Lode*
   A high level review is underway to determine the economics of Remnant pillar mining of the Crown Lode. Costing includes accessing the Crown Lode via the Bullen decline.

3. *Cumberland*
   A costeaning program has been planned to test the surface expression of the multiple veins interpreted at Cumberland. The objective of this work would be to delineate economic gold mineralization that can be mined by Open Pit operations. The company is awaiting regulatory approvals before commencing this work.

4. *Other Mainfield Lodes*
   A costeaning program has been planned to test the near surface grades along the major Mainfield Lodes and cross link structures. Costeaning would be carried out along the strike extent of the known lodes. The objective of this work would be to delineate economic gold mineralization that can be mined by Open Pit operations. The company is awaiting regulatory approvals before commencing this work.

5. *Slippers Pit 5*
   A costeaning program has been planned to test the near surface grades of the North Royal / Princess Royal line of lode along the southern strike extent of Pit 5 towards the Slippers Pit. The objective would be to define a small Open Pit. The company is awaiting regulatory approvals before commencing this work.

6. *Metallurgy*
   Metallurgical studies are underway to determine the viability of treating:
   - Phoenix Tails
   - North Royal Low-Grade Dump

7. *Drilling*
   A drilling campaign has been designed to increase knowledge of Cobbler. Desk-top studies of both Cobbler and Maybell are underway to review their economic potential. If economic, additional drilling may be proposed to help up-grade the deposits.

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

Competent persons statements

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

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

Subsequent events
The following events occurred subsequent to 30 June 2014:

- The Company has continued its operations with the financial support of Tulla.
- The Directors have announced that they have continued remnant mining operations at Harlequin and North Royal and limited mining operations continues at Bullen. The Group has commenced exploration activities as well as investigating other potential short–term and mid–term mining plans.
- An offer of 5 pence per pound for the UK Secured Convertible Loan Notes was accepted in July 2014 and an amount of GBP 254,350 was paid on 28 July 2014

Going concern
In order to keep the mining and exploration tenements in good standing, the Group had exploration expenditure commitments of AUD$6.3 million due within 12 months of the year ended 30 June 2014 (see note 24). These exploration expenditure commitments need to be met or the assets may be at risk of forfeiture unless expenditure exemptions are approved.

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

Currently, the Group is reliant on the continual financial support of Tulla to support the operations and Tulla have indicated that they currently plan to continue to financially support the Group for the time being. The security arrangements for this working capital facility from Tulla and funds advanced for the external administration process have not yet been finalised. In addition, the Secured Loan Facility and Secured Convertible Loan Notes terms and conditions have been breached. A proposal was prepared and accepted by the UK Secured Convertible Loan Noteholders to restructure and renegotiate these obligations. The Company, with the financial support of Tulla, has paid 5 pence per GB Pound in July 2014 to extinguish these UK Secured Convertible Loan Notes for the full redemption of the notes without any entitlement to interest.

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

Nevertheless after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company and Group will have adequate cash resources to continue to operate for the foreseeable future. For these reasons the financial statements have been prepared on a going concern basis and do not include adjustments that would result if the Group was unable to continue in operation.

Key performance indicators

During the period, the Group was cashflow negative from operating activities and continued to invest significant capital investment in exploration, mine properties and plant & equipment. The mine produced 18,647 ounces for the period. Due to the current state of the Company's business, further discussion on key performance indicators may not be accurate until the future plan is agreed and is not provided.

Principal risks and uncertainties facing the Company

The Norseman Project risks remain the same:

- The estimating of mineral reserves and resources is a subjective process, and the accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions used and judgments made in interpreting engineering and geological information. There is significant uncertainty in any reserve or resource estimate and the actual deposits encountered and the economic viability of mining a deposit may differ materially from the Company's estimates. Historically, variances have occurred between the mined ore as compared to estimated reserves and resources. This matter is currently under review.

- The exploration of mineral rights is speculative in nature and is frequently unsuccessful.

- Underground development is required at the Norseman Project and drilling to allow effective resource estimation and mine planning is a continuing process. The complexity of the deposit and mineralisation style creates variances in the estimation of the resource model against actual mill production. This can result in significant variances in the amount of contained gold produced against estimates. Further, whilst open pit resources have been consistently estimated, historically significant variances are noted between the mine plan and production, reflecting the complexity of the deposit and the shortcomings of the estimation approach to adequately deal with the complex mineralisation style.

- Production estimates are dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining and processing.

- The ability to sustain or increase its present levels of production is dependent upon the successful development of new producing mines and/or identification of additional reserves at existing mining operations. Whilst the Directors consider the Norseman Project to have very good potential for the discovery of additional resources, there is no guarantee of a discovery or that any discovery will be commercially feasible. Reduced production could have a material adverse effect on future cash flows, results of operations and financial condition.

- Estimated mineral reserves or mineral resources may have to be recalculated based on changes in metals prices, further exploration or development activity or actual production experience. This could have a material adverse effect on estimates of the volume or grade of mineralisation, estimated recovery rates or other important factors that influence reserve or resource estimates.

- Market price fluctuations for gold, increased production costs or reduced recovery rates, or other factors may render the present mineral resources uneconomical or unprofitable to develop at a particular site or sites.

- Mining operations have significant operational and development risks. The business of gold mining is subject to a variety of risks including consistency and reliability of ore quality, commodity prices, government policies and other unforeseen contingencies. Such and other similar occurrences may delay production, increase production costs or result in liability.

- Reliance on key personnel and other business inputs. The Company's operations rely on its ability to source and retain skilled personnel, contractors, materials and supplies. Cost inflation for these inputs may have a material impact on the Company's operations. The Project operates in the Australian mining industry sector, a sector which has been buoyant for several years. This mining boom has created an acute shortage of suitably qualified and experienced operational personnel and management. This has and will continue to present risk to the Company's ability to effectively and efficiently mine ore.

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

Use of financial instruments

Norseman's financial risk management objectives are to minimise debt, to fund exploration activity through operating cash flow or equity financing and to ensure sufficient working capital for the Group's overhead and capital expenditure commitments. This is achieved by prudent financial management and careful management of the Group's cash balances, both short and long term. The Group does not use derivative financial instruments. The financial risk management objectives and policies of the Group set out in Note 23 of the Financial Statements include the Group's exposure to price, liquidity and credit risk.

Environment, Health, Safety & Social Responsibility Policy Statement

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

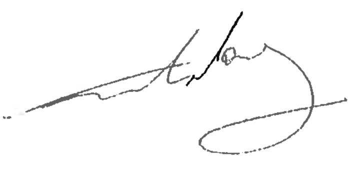
The Policy of the Board of Norseman is to be fully accountable for the necessary practices, procedures and means being in place so as to ensure that each EHS & SR objective is demonstrated in full and that continuous improvement practices are operating to ensure that the required practices, procedures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

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

Norseman shall manage all operations in a manner that protects the environment and the health and safety of employees, third parties and the community. The Group has and continues to maintain the EHS & SR policy aims so as to reduce the potential for any breach. There has been a conviction in relation to the OK Mine fatality with a fine imposed which was covered by our insurance policy.

Other than as disclosed, there have been no convictions in relation to breaches of any applicable Acts recorded against the Group during the reporting period.

By order of the board



Kevin Maloney
Chairman

7 April 2015

The Directors present their directors' report, together with the audited financial statements the Group and the Company for the year ended 30 June 2014.

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

The Company is listed on the Australian Securities Exchange ("ASX") but the trading in the securities is suspended.

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 2014. The Group made a loss after tax of AUD$6.9 million for the year ended 30 June 2014 (2013: loss after tax of AUD$69.2 million).

Group structure and changes in share capital
Details of movements in share capital and changes to the Group's structure during the period are set out in Notes 14 and 21 respectively.

Information to shareholders – website
The Group maintains its own website (www.norsemangoldplc.com) to facilitate provision of information to external stakeholders and potential investors and to meet ASX Listing Rules.

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

Directors
The following Directors held office during the year ended 30 June 2014 and subsequent to that year end date:

Kevin Maloney
David Steinepreis
Gary Steinepreis

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

30 June 2014	***Ordinary shares of 1.25p each***	***Warrants***	***Convertible loan notes 2015***	***Convertible loan notes 2013***	*Notes*
Kevin Maloney	93,168,668	140,333,333	AUD$10,000,000	-	1
David Steinepreis	11,817,185	-	-	£500,000	2
Gary Steinepreis	7,530,000	-	-	£250,000	3

30 June 2013	*Ordinary shares of 1.25p each*	*Warrants*	*Convertible loan notes 2015*	*Convertible loan notes 2013*	*Notes*
Kevin Maloney	93,168,668	160,333,333	AUD$10,000,000	-	1
David Steinepreis	11,817,185	23,333,332	-	£500,000	2
Gary Steinepreis	7,530,000	14,166,666	-	£250,000	3

Notes:

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

Directors' service contracts

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

David Steinepreis –non-executive
Mr Steinepreis provided executive services to the Company. There was a service contract which was amended to include his role acting as trustee for the convertible noteholders, which has now ceased. Mr Steinepreis now provides non-executive director services to the Company. Mr Steinepreis was paid $120,000 for his services and reimbursement of expenses for the period since 30 September 2012 in January 2015.

Gary Steinepreis – non-executive, member of audit committee
Mr Steinepreis provides non-executive director services to the Company through a consultancy agreement with the Company. Mr Steinepreis' remuneration payable is AUD$60,000 per annum. Mr Steinepreis was paid $120,000 for his services since 1 July 2012 in January 2015.

Directors' remuneration
The remuneration paid to the Directors, in accordance with the service contracts which include payments made to entities associated with the Directors, during the year ended 30 June 2014, was as follows:

	Note	*Fees/Salaries AUD$*	*Share based payments AUD$*	*2014 Total AUD$*	*2013 Total AUD$*
Kevin Maloney	1	-	-	-	-
David Steinepreis		-	-	-	82,836
Gary Steinepreis	2	-	-	-	-
Totals		-	-	-	82,836

Notes:

1. Mr. Kevin Maloney was appointed a director on 13 July 2012.
2. Mr G Steinepreis' services are provided by Leisurewest Consulting Pty Ltd as trustee for the Leisurewest Trust.

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

Issue of share options and warrants
The details of the share options and warrants outstanding at 30 June 2014 and the movements in share options and warrants during the period are set out in Note 22 to the financial statements.

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

Statement of disclosure to the auditors
So far as all of the current Directors are aware:

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

Auditors
UHY Hacker Young were appointed auditors to the Company. In accordance with Section 489 of the Companies Act 2006, a resolution proposing that UHY Hacker Young be reappointed as auditors of the Company and that the Directors be authorised to determine their remuneration will be put to the next Annual General Meeting.

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

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

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the UK Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Group and hence for taking steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

By order of the board

Kevin Maloney
Chairman

7 April 2015

Kevin Maloney, Executive Chairman, aged 67

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

David Steinepreis, Non-Executive Director, aged 57

David Steinepreis is a resident of the United Kingdom and a Chartered Accountant and former partner of an international accounting firm where he specialised in strategic corporate advice and taxation for listed companies. He entered commerce as a director, adviser and major shareholder of a number of listed companies in the gold, diamonds, oil and new mining technology sectors. This business model continues today. He is currently a director of Opera Investments Plc.

Gary Steinepreis, Non-Executive Director, aged 49

Gary Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries. He is currently a director of New Horizon Coal Ltd, AVZ Minerals Ltd, and Monto Minerals Ltd all of which are listed on the ASX. He is also managing director of Ascent Capital.

We have audited the Group and Parent Company financial statements (the "financial statements") of Norseman Gold plc for the year ended 30 June 2014 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Cash Flow and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

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

Basis for qualified opinion on financial statements

The audit evidence currently available to us at the date of signing this report was limited in the following two areas:

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

2. We were unable to obtain sufficient appropriate audit evidence over the existence, accuracy and completeness of inventories, cost of sales and stock write-downs included in the 30 June 2014 accounts of the subsidiary Central Norseman Gold Corporation Limited (CNGC). This was due to the lack of documentary evidence as a result of the external administration process and various staffing changes at CNGC. As CNGC is the main trading company in the group, we were therefore unable to determine whether any adjustments to any of these amounts in these group financial statements were necessary.

Qualified opinion on financial statements

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

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2014 and of the Group's losses for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
In respect solely of the limitation in scope of our work relating to the two matters described above:

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

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

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

UHY Hacker Young

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

7 April 2015

NORSEMAN GOLD PLC
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	*Year ended 30 June 2014 AUD$*	*Year ended 30 June 2013 AUD$*
Continuing operations			
Group revenue	2	23,302,178	12,652,863
Cost of sales – direct costs		(19,918,424)	(46,346,171)
Gross profit/(loss)		3,383,754	(33,693,308)
Other operating income	4	7,513,846	20,245,567
Administrative expenses before depreciation, exploration expenditure write off, and share-based payments		(7,550,380)	(19,645,378)
Provision for rehabilitation costs	19	19,795	(14,852,966)
Exploration expenditure write off	12	(2,877,223)	(1,874,289)
Depreciation	10	(150,000)	(3,677,584)
Share-based payments	22	-	(209,416)
Total administrative expenses		(10,557,808)	(40,259,633)
Group operating profit/(loss) before impairments	3	339,792	(53,707,374)
Impairments of:			
- property, plant and equipment	10	-	(1,735,849)
- mine properties in production phase	11	-	(10,000,000)
Reversal of past impairment	10	-	1,735,849
Group operating profit/(loss) after impairments		339,792	(63,707,734)
Interest receivable		95,203	240,907
Interest payable	5	(7,297,507)	(5,696,828)
Loss before taxation		(6,862,512)	(69,163,655)
Taxation	6	-	-
Loss for the year		(6,862,512)	(69,163,655)
Other comprehensive income		-	-
Total comprehensive income attributable to equity holders of the Company		(6,862,512)	(69,163,655)
Loss per share (cents)	7		
Basic		(0.6)	(7.6)
Diluted		(0.6)	(7.6)

NORSEMAN GOLD PLC
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital AUD$	*Share Premium AUD$*	*Other Reserves AUD$*	*Retained Losses AUD$*	*Total Equity AUD$*
Year ended 30 June 2014					
Balance at 1 July 2013	22,948,180	143,086,801	1,120,435	(253,671,305)	(86,515,889)
Net loss for 2014	-	-	-	(6,862,512)	(6,862,512)
Total comprehensive income for the period	-	-	-	(6,862,512)	(6,862,512)
Balance at 30 June 2014	22,948,180	143,086,801	1,120,435	(260,533,817)	(93,378,401)

	Share Capital AUD$	*Share Premium AUD$*	*Other Reserves AUD$*	*Retained Losses AUD$*	*Total Equity AUD$*
Year ended 30 June 2013					
Balance at 1 July 2012	11,078,457	131,573,405	1,920,548	(184,848,237)	(40,275,827)
Net loss for 2013	-	-	-	(69,163,295)	(69,163,295)
Total comprehensive income for the period	-	-	-	(69,163,295)	(69,163,295)
Share issues	11,869,723	11,513,396	-	-	23,383,119
Share-based payments	-	-	209,416	-	209,416
Recycle of share-based payments reserve	-	-	(340,227)	340,227	-
Convertible loan note – equity element	-	-	(669,302)	-	(669,302)
Balance at 30 June 2013	22,948,180	143,086,801	1,120,435	(253,671,305)	(86,515,889)

At 30 June 2013, the convertible loan note equity element has been transferred to liabilities and as such the remaining other reserve relates entirely to share based payments.

NORSEMAN GOLD PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital AUD$	*Share Premium AUD$*	*Other Reserves AUD$*	*Retained Losses AUD$*	*Total Equity AUD$*
Year ended 30 June 2014					
Balance at 1 July 2013	22,948,180	143,086,801	1,120,435	(189,294,632)	(22,139,216)
Net profit for 2014	-	-	-	7,588,556	7,588,556
Total comprehensive income for the period	-	-	-	-	-
Balance at 30 June 2014	22,948,180	143,086,801	1,120,435	(181,706,076)	14,550,660
Year ended 30 June 2013					
Balance at 1 July 2012	11,078,457	131,573,405	1,920,548	(162,958,855)	(18,386,445)
Net loss for 2013	-	-	-	(26,676,004)	(26,676,004)
Total comprehensive income for the period	-	-	-	(26,676,004)	(26,676,004)
Share issues	11,869,723	11,513,396	-	-	23,383,119
Share-based payments	-	-	209,416	-	209,416
Recycle of share-based payments reserve	-	-	(340,227)	340,227	-
Convertible loan note – equity element	-	-	669,302)	-	(669,302)
Balance at 30 June 2013	22,948,180	143,086,801	1,120,435	(189,294,632)	(22,139,216)

At 30 June 2013, the convertible loan note equity element has been transferred to liabilities and as such the remaining other reserve relates entirely to share based payments.

NORSEMAN GOLD PLC
GROUP BALANCE SHEET
AS AT 30 JUNE 2014

	Notes	30 June 2014 AUD$	30 June 2013 AUD$
ASSETS			
Non-Current Assets			
Property, plant and equipment	10	1,360,206	1,023,693
Mine properties in production phase	11	-	-
Exploration and evaluation assets	12	-	-
Goodwill	13	-	-
		1,360,206	1,023,693
Current Assets			
Trade and other receivables	15	3,957,768	1,386,287
Inventories	16	2,127,222	2,171,330
Cash and cash equivalents	17	1,298,118	10,214,808
		7,383,108	13,772,425
Total Assets		8,743,313	14,796,118
LIABILITIES			
Current Liabilities			
Trade and other payables	18	9,851,029	7,113,408
Provisions for liabilities	19	378,412	1,937,539
Loans and borrowings	20	70,624,285	60,768,452
		80,853,726	69,819,399
Non-Current Liabilities			
Provisions for liabilities	19	21,267,988	21,492,608
Loans and borrowings	20	-	10,000,000
		21,267,988	31,492,608
Total Liabilities		102,121,714	101,312,007
Net Liabilities		(93,378,401)	(86,515,889)
EQUITY			
Capital and Reserves			
Share capital	21	22,948,180	22,948,180
Share premium	21	143,086,801	143,086,801
Other reserves	22	1,120,435	1,120,435
Retained losses		(260,533,817)	(253,671,305)
Shareholders' Equity		(93,378,401)	(86,515,889)

The financial statements were approved by the Board of Directors on 7 April 2015 and signed on its behalf by:

Kevin Maloney
Chairman
Company Registration number 5380466

NORSEMAN GOLD PLC
COMPANY BALANCE SHEET
AS AT 30 JUNE 2014

	Notes	*30 June 2014 AUD$*	*30 June 2013 AUD$*
ASSETS			
Non-Current Assets			
Loan to subsidiary undertakings	14	-	-
Investment in subsidiary undertakings	14	-	-
		-	-
Current Assets			
Trade and other receivables	15	-	24,326
Cash and cash equivalents		1,196	59,435
		1,196	83,761
Total Assets		1,196	83,761
LIABILITIES			
Current Liabilities			
Trade and other payables	18	2,862,156	2,074,105
Loans and borrowings	20	11,689,700	10,148,872
		14,551,856	12,222,977
Non-Current Liabilities			
Loans and borrowings	20	-	10,000,000
Total Liabilities		14,551,856	22,222,977
Net Liabilities		(14,550,660)	(22,139,216)
EQUITY			
Capital and Reserves			
Share capital	21	22,948,180	22,948,180
Share premium	21	143,086,801	143,086,801
Other reserves	22	1,120,435	1,120,435
Retained losses		(181,706,076)	(189,294,632)
Shareholders' Equity		(14,550,660)	(22,139,216)

The financial statements were approved by the Board of Directors on 7 April 2015 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 2014

	Notes	*Year ended 30 June 2014 AUD$*	*Year ended 30 June 2013 AUD$*
Net cash outflow from operating activities	26	(7,330,865)	(45,179,901)
Investing activities			
Funds used in exploration	12	(2,877,223)	(1,874,289)
Purchases of plant & equipment (net of disposals)	10	(491,477)	(637,375)
Net cash used in investing activities		(3,368,700)	(2,511,664)
Financing activities			
Cash proceeds from issue of shares		-	25,000,001
Share issue costs		-	(1,616,882)
Cash proceeds from related party financing		1,782,875	27,777,499
Net cash from financing activities		1,782,875	51,160,618
(Decrease)/increase in cash and cash equivalents		(8,916,690)	3,469,053
Cash and cash equivalents at beginning of year		10,214,808	6,745,755
Cash and cash equivalents at end of year		1,298,118	10,214,808

NORSEMAN GOLD PLC
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	*Year ended 30 June 2014 AUD$*	*Year ended 30 June 2013 AUD$*
Net cash inflow/(outflow) from operating activities	26	151,761	(1,614,186)
Investing activities			
Loan granted to subsidiaries		(210,000)	(22,912,427)
Net cash used in investing activities		(210,000)	(22,912,427)
Financing activities			
Cash proceeds from issue of shares		-	25,000,001
Share issue costs		-	(1,616,882)
Cash proceeds from related party financing		-	652,974
Net cash from financing activities		-	24,036,093
Decrease in cash and cash equivalents		(58,239)	(490,520)
Cash and cash equivalents at beginning of year		59,435	549,955
Cash and cash equivalents at end of year		1,196	59,435

1. **Accounting policies**

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

1.1 **Basis of preparation**

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS"), including IFRS6 'Exploration for and Evaluation of Mineral Resources' and in accordance with the Companies Act 2006. The Parent Company's financial statements have also been prepared in accordance with IFRS and the Companies Act 2006.

1.2 **Going concern**

The Group recorded an operating profit before impairment charges of AUD$339,792 (after depreciation and amortisation charges of AUD$150,000) and a net loss after tax of AUD$6.9 million for the year, which follows an operating loss of AUD$53.7 million and net loss of AUD$69.2 million for the previous financial year ended 30 June 2013. The Group continues to operate at a loss from operations.

The operating loss in the current year was reduced as a result of the successful restructuring of the operations to target high grade ore bodies on reduced production levels. During the prior financial year the wholly owned subsidiary, Central Norseman Gold Corporation Pty Ltd ("CNGC"), was placed in external administration on 3 October 2012. This resulted in a significant impairment to the value of the assets.

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

The external administrator prepared a report to creditors in accordance with section 439A of the Corporations Act (Australia). As part of this process, a Deed of Company Arrangement ("DOCA") was proposed by the Company and Tulla for CNGC. The external administrator recommended to the creditors of CNGC that, in the opinion of the Administrator, subject to the assumptions and qualifications contained in the report, that it was in the interest of creditors to approve the execution of a DOCA. This was considered and approved by creditors on 21 February 2013. The DOCA was executed on 11 March 2013 and subsequently varied on 24 April 2013 and wholly effectuated on 2 May 2013 and payments were made to affected creditors on 10 December 2014. The effect of the DOCA was to compromise the creditors of CNGC, however certain related party creditors and secured creditors did not participate in the DOCA and these liabilities remain.

The Group is dependent on cash flows generated from its mining operations to fund its ongoing activities. During the prior financial year, the existing secured loan facility from EXP T1 Ltd was novated to Farrer Place Holdings Pty Ltd, an entity associated with Tulla.

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

The Group had cash of AUD$1.3 million at 30 June 2014. Management have prepared short to medium term production plans. The Directors have reviewed these plans with the intent to maximise the cash generated by mine. The plans prepared have been prepared on the basis of continued operations.

1.2 **Going concern (continued)**

The resource and reserve position was updated in December 2014 and there was a significant reduction in reported Resources and no Reserves reported and the amount and quality of resources available which means that a suitable and commercial medium to long term mine plan will be developed will required further work to be developed. In addition, in order to keep the mining and exploration tenements in good standing, the Group had exploration expenditure commitments of AUD$6.3 million due within 12 months of the year ended 30 June 2014 (see note 24). These exploration expenditure commitments needed to be met or the assets were at risk of forfeiture unless expenditure exemptions are approved.

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

Currently, the Group is reliant upon Tulla to provide adequate working capital to continue the operations and Tulla have indicated that they currently plan to continue to financially support the Group for the time being. The security arrangements for this working capital facility from Tulla and funds advanced for the external administration process have not yet been finalised. In addition, the Secured Loan Facility and Secured Convertible Loan Notes terms and conditions have been breached. A proposal has been prepared and accepted by the UK Secured Convertible Loan Noteholders to restructure and renegotiate these obligations. The Company has on 28 July 2014 paid 5 pence per GB Pound to extinguish these UK Secured Convertible Loan Notes.

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

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

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

1.3 **Basis of consolidation**

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

1.4 **Goodwill**

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

1.5 **Deferred taxation**

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

1.5 **Deferred taxation (continued)**

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.

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:

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

1.9 **Inventories**

(i) Gold Bullion

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

(ii) Raw Materials and Stores

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

(iii) Work in Progress and Gold in Circuit

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

1.10 **Employee benefits**

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

1.11 **Revenue**

Revenue from the sale of goods (precious metals) is recognised upon production. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the sale of electricity to the regional power authority is recognised and invoiced monthly, based on the metered number of kilowatt hours of electricity supplied, at an agreed rate per kilowatt hour.

1.12 **Cash and cash equivalents**

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

1.13 **Provisions for liabilities**

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

1.14 **Investments**

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

1.15 **Share based expenses**

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

1.16 **Foreign currency transactions and balances**

(i) Functional and presentational currency

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

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

(ii) Transactions and balances

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

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

1.17 **Trade receivables**

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

1.18 **Leases**

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

(i) Group as a lessee

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

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

1.18 **Leases (continued)**

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

(ii) Group as a lessor

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

1.19 **Capital management**

The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitable production, while in the meantime safeguarding the Group's ability to continue as a going concern. This is aimed at enabling it, once the projects come to fruition, to provide appropriate returns for shareholders and benefits for other stakeholders. The Group manages the capital structure in the light of changes in economic conditions and risk characteristics of the underlying projects. Conditions attached to borrowings are monitored regularly in the light of management accounts. Capital will continue to be sourced from equity and from borrowings as appropriate.

1.20 **Critical accounting judgements and estimates**

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

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

Impairment of tangible and intangible assets

Determining whether a tangible or an intangible asset is impaired requires an estimation of whether there are any indications that its carrying value is not recoverable. At each reporting date, the Group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Valuation of goodwill and investments

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

Provision of restoration costs

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

Amortisation of Mining Properties in Production Phase assets

Mining Properties in Production Phase assets are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. If the amount of economically proven reserves varies, this will impact on the amount of the asset which should be carried on the balance sheet.

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

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

1.21 **Adoption of new and revised International Financial Reporting Standards**
There were no IFRS standards or IFRIC interpretations adopted for the first time in these financial statements that had a material impact on the Group. The following standards have been adopted for the first time in this financial year.

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

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

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

The Group has not adopted these amended standards and interpretations early. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the periods of initial application.

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

Revenues are generated from the production of precious metals, principally gold, and to a lesser extent, silver and these metals are sold to either the local, government controlled Perth Mint.

This operating segment generated loss before tax of AUD$6,862,512 (2013: loss AUD$69,163,295) from total assets of AUD$8,743,324 (2013: AUD$14,796,118) and net liabilities of AUD$93,378,401 (2013: net liabilities of AUD$86,515,889). These losses, assets and liabilities are measured, recorded and reported in Australian dollars.

3. Group operating loss

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

	Year ended 30 June 2014 AUD$	*Year ended 30 June 2013 AUD$*
Employee costs, excluding share-based payments	9,400,874	14,655,137
Exploration costs written off (note 12)	2,877,223	1,874,289
Depreciation (note 10)	150,000	3,677,584
Share-based payments (note 22)	-	209,416
Provision for rehabilitation (note 19)	(19,459)	14,852,966
Auditors' remuneration		
- UK (Group and Parent Company audit services)	31,873	40,000
- Australia (subsidiary company audit services)	47,288	36,680

4. Other operating income

Group

	Year ended 30 June 2014 AUD$	*Year ended 30 June 2013 AUD$*
Electricity sales income	2,335,786	2,324,501
Rental income	28,521	11,110
Debt defeasance (charge)/credit	(2,343,950)	17,909,956
Sundry income	45,838	-
Gain on repurchase of convertible notes	7,447,650	-
	7,513,845	20,245,567

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

5. Interest payable

Group

	Year ended 30 June 2014 AUD$	*Year ended 30 June 2013 AUD$*
Interest on debt, convertible loan notes, related party financings and other	7,297,507	5,696,828

6. Taxation

	Year ended 30 June 2014 AUD$	*Year ended 30 June 2013 AUD$*
Current tax		
Deferred tax asset (DTA) recognition	-	-
Deferred tax liability	-	-
Total current tax charge/(credit) as reported in loss	-	-

The current tax charge for the period can be reconciled to the loss per income statement as follows:

Group loss before tax	(6,862,512)	(69,163,295)
Tax at the Australian corporation tax rate of 30%	(2,058,754)	(20,748,989)
Tax effects of:		
Effect of timing differences:		
- exploration & evaluation and mine properties	-	-
Share-based payments expenses	-	62,825
Other non-deductible expenses	(1,321,560)	7,455,891
Tax losses not recognised	3,380,314	13,230,273
Total current tax charge/(credit) as reported in loss	-	-

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$165.2 million (2013: AUD$161.8 million). A resulting deferred tax asset has not been recognised in respect of such losses due to the uncertainty of future profit streams.

7. Loss per share

The basic loss per ordinary share has been calculated using the loss for the financial year of AUD$6,862,512 (2013: loss of AUD$69,163,295) and the weighted average number of ordinary shares in issue of 1,117,202,223 (2013: 904,738,990). The diluted weighted average number of shares in issue has not been used and the diluted loss per share has been kept the same as the basic loss per share because the conversion of share options and share warrants would decrease the basic loss per share, and is thus anti-dilutive.

8. Holding company income statement

In accordance with the provisions of the Section 408 of the Companies Act 2006, the Parent Company has not presented an income statement. A profit for the year ended 30 June 2014 of AUD$7,588,556 (30 June 2013: loss of AUD$26,676,004) has been included in the Company and Group income statements. The loss includes the income tax expense of AUD$ Nil (2013: income of AUD$ Nil).

9. Employee costs

Group

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

	Year ended 30 June 2014 AUD$	*Year ended 30 June 2013 AUD$*
Wages, salaries and fees	8,712,961	14,045,776
Social security & superannuation costs	687,913	609,361
Share-based payments expenses	-	209,416
	9,400,874	14,864,553

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

Group	*Year ended 30 June 2014 Number*	*Year ended 30 June 2013 Number*
The average numbers of employees during the year were:		
Area:		
Exploration	2	4
Administration	10	12
Mining	28	74
Processing (Mill)	6	12
Engineering (Maintenance)	14	29
Corporate	2	4
	62	135

10. Property, plant & equipment

Group	Land and Buildings AUD$	Fixed Plant and equipment AUD$	Mine Infrastructure and mobile equipment AUD$	Capital works in progress AUD$	Total AUD$
Cost					
At 1 July 2013	780,208	7,373,867	13,105,367	283,411	21,542,853
Additions	-	235,192	113,315	142,970	491,477
Disposals	-	(20,840)	-	-	(20,840)
At 30 June 2014	780,208	7,588,219	13,218,682	426,381	22,013,490
Depreciation					
At 1 July 2013	(780,208)	(6,633,585)	(13,105,367)	-	(20,519,160)
Charge for year	-	(150,000)	-	-	(150,000)
On disposals	-	15,875	-	-	15,875
At 30 June 2014	(780,208)	(6,767,710)	(13,105,367)	-	(20,653,285)
Net book value					
30 June 2014	-	820,509	113,315	426,381	1,360,205
30 June 2013	-	740,282	-	283,411	1,023,693

Group	Land and Buildings AUD$	Fixed Plant and equipment AUD$	Mine Infrastructure and mobile equipment AUD$	Capital works in progress AUD$	Total AUD$
Cost					
At 1 July 2012	2,103,509	7,249,346	26,786,146	-	36,139,001
Additions	-	-	353,965	283,411	637,376
Disposals	-	(1,611,328)	(13,622,194)	-	(15,233,522)
Reversal of previous impairment charge	-	1,735,849	-	-	1,735,849
Impairment charge	(1,323,301)	-	(412,550)	-	(1,735,851)
At 30 June 2013	780,208	7,373,867	13,105,367	283,411	21,542,853
Depreciation					
At 1 July 2012	(585,009)	(6,928,995)	(16,990,596)	-	(24,504,600)
Charge for year	(195,199)	-	(3,482,385)	-	(3,677,584)
On disposals	-	295,410	7,367,614	-	7,663,024
At 30 June 2013	(780,208)	(6,633,585)	(13,105,367)	-	(20,519,160)
Net book value					
30 June 2013	-	740,282	-	283,411	1,023,693
30 June 2012	1,518,500	320,351	9,795,550	-	11,634,401

10. Property, plant & equipment (continued)

Plant and equipment pledged as security for liabilities

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

11. Mine properties in production phase

Group	*Year ended 30 June 2014 AUD$*	*Year ended 30 June 2013 AUD$*
At 1 July		10,000,000
Mining expenditure incurred during the year	-	-
Amortisation during the year	-	-
Impairment charge during the year	-	(10,000,000)
As at 30 June	-	-

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 have assessed the carrying values of the capitalised mine development costs against these operations and impaired the value of those assets down to the estimated recoverable amount. Should a decision be made in the future to reopen any of these operations a further assessment of these values will be made and in particular whether a reversal of the impairment charges are justified.

12. Exploration & evaluation assets

Group	*Year ended 30 June 2014 AUD$*	*Year ended 30 June 2013 AUD$*
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases:		
At 1 July	-	-
Exploration expenditure incurred during the year	2,877,223	1,874,289
Exploration expenditure written off	(2,877,223)	(1,874,289)
Impairment charge	-	-
As at 30 June	-	-

The amounts for exploration and evaluation ("E&E") assets represent costs incurred in relation to the Group's operations at Norseman. These amounts will be written off to the income statement as exploration expenses unless commercial reserves are established or the determination process is not completed and there are no indicators of impairment. The outcome of ongoing exploration and evaluation, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain. The Directors have assessed the carrying values of the capitalised E&E costs taking into account the current level of operations of the Group and have fully impaired the E&E assets as at 30 June 2014.

13. Goodwill

Group	*Year ended 30 June 2014 AUD$*	*Year ended 30 June 2013 AUD$*
Cost		
At 1 July	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. The Group tests goodwill for impairment at each reporting date and was fully impaired in the prior financial year (see note 14 below).

14. Investments in subsidiary undertakings

	Loans to subsidiary undertakings AUD$	*Shares in subsidiary undertakings AUD$*	*Total AUD$*
Company			
Cost			
At 1 July 2013	-	-	-
Loans made to subsidiaries in the year	-	-	-
Provisions for impairment	-	-	-
At 30 June 2014	-	-	-

	Loans to subsidiary undertakings AUD$	*Shares in subsidiary undertakings AUD$*	*Total AUD$*
Company			
Cost			
At 1 July 2012	65,373,630	31,379,536	96,753,166
Loans made to subsidiaries in the year	-	-	-
Provisions for impairment	(65,373,630)	(31,379,536)	(96,753,166)
At 30 June 2013	-	-	-

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

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

14. Investments in subsidiary undertakings (continued)

Subsidiary undertakings:

Name of company	*Country*	*Holding*	*Proportion held*	*Nature of business*
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.

15. Trade and other receivables

	30 June 2014		*30 June 2013*	
	Group AUD$	*Company AUD$*	*Group AUD$*	*Company AUD$*
Other receivables	3,760,450	-	1,112,009	24,326
Prepayments	197,318	-	274,278	-
	3,957,768	-	1,386,287	24,326

16. Inventories

	30 June 2014		*30 June 2013*	
	Group AUD$	*Company AUD$*	*Group AUD$*	*Company AUD$*
Gold bullion – at net realisable value	1,061,616	-	-	-
Work in progress – at cost				
- Ore stockpiles	-	-	517,620	-
- Gold in circuit	-	-	277,776	-
Raw materials and stores				
- net realisable value	1,065,606	-	1,375,934	-
	2,127,222	-	2,171,330	-

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

17. Cash and cash equivalents

Included in the total cash and cash equivalents are restricted cash deposits of AUD$1,298,118 (2013: AUD$10,214,808) which are held as security against the obligations for restoration and decommissioning expenditure under the mining production and exploration licences.

18. Trade and other payables

	30 June 2014		*30 June 2013*	
	Group AUD$	*Company AUD$*	*Group AUD$*	*Company AUD$*
Trade payables	6,062,895	90,014	2,120,837	130,725
Other payables	3,788,134	2,772,142	4,992,571	1,943,380
	9,851,029	2,862,156	7,113,408	2,074,105

19. Provisions for liabilities

Group **Current:**	*Employees Benefits AUD$*	*Restoration and decommissioning AUD$*	*Total AUD$*
At 1 July 2013	1,937,539	-	1,937,539
Credit to income statement	(1,559,127)	-	(1,559,127)
As at 30 June 2014	378,412	-	378,412

Non-current:	*Employees Benefits AUD$*	*Restoration and decommissioning AUD$*	*Total AUD$*
At 1 July 2013	226,708	21,265,900	21,492,608
Provision for rehabilitation	-	(19,795)	(19,795)
Credit to income statement	(204,825)	-	(204,825)
As at 30 June 2014	21,883	21,246,105	21,267,988

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

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

20. Loans and borrowings

	30 June 2014		*30 June 2013*	
	Group AUD$	*Company AUD$*	*Group AUD$*	*Company AUD$*
Current:				
Finance facility – Related party	18,736,585	-	15,916,100	-
Related party loans	41,887,700	1,689,700	36,393,180	1,689,700
Convertible loan notes	-	-	8,459,172	8,459,172
Convertible loan notes – Related party	10,000,000	10,000,000	-	-
	70,624,285	11,689,700	60,768,452	10,148,872
Non-current:				
Convertible loan notes – Related party	-	-	10,000,000	10,000,000
	-	-	10,000,000	10,000,000

Finance Facility

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

Key conditions of this secured facility are as follows:

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

Convertible Loan Notes

(a) *Introduction*

There are 2 types of Convertible Loan Notes:

- £5,087,000 10% Secured Convertible Loan Notes convertible at £0.06 (6 pence) for every £1 of nominal value and convertible up until 25 October 2013 (**2013 Notes**). The security provided for the 2013 Notes is a second ranking fixed and floating charge over the assets of CNGC, a second ranking mortgage over all of the mining leases held by CNGC, a second ranking mortgage over all mining leases held by Pangolin, a third ranking mortgage over all exploration licences held by CNGC and a second ranking general security agreement over all of the assets of CNGC ("**Noteholder Security**"). This loan was settled in full on 28 July 2014 by the payment of £0.05 (5 pence) per convertible note; and

- AUD$10,000,000 10% Secured Convertible Loan Notes issued to Tulla (a related party) are convertible at £0.06 (6 pence) for every £1 of nominal value and convertible up until 10 February 2015 (**2015 Notes**). The 2015 Notes have expired however, the secured lender, Tulla, has not called for the repayment of the loan up to the date of this report. The Group is reliant on the financial support of Farrer and Tulla. The security provided for the 2015 Notes is a first ranking mortgage over the exploration licences held by CNGC, a second ranking mortgage over all the mining leases held by CNGC, a second ranking mortgage over all the mining leases held by Pangolin and a second ranking general security agreement over all of the assets of CNGC ("**Tulla Security**").

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

The 2013 Notes were issued pursuant to a Convertible Loan Note Instrument dated 25 October 2011, as amended by a deed of amendment dated 13 January 2012, and the 2015 Notes were issued pursuant to a Convertible Loan Note Instrument dated 14 February 2012.

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

(b) Conversion period

The 2013 Notes and 2015 Notes have expired. The conversion period provided that each Convertible Loan Note may be converted at any time into Ordinary Shares within the relevant conversion period (on conversion, the newly converted ordinary shares will rank *pari passu* with the Ordinary Shares in issue at the date of conversion). In respect of each Convertible Loan Note, the conversion period commences on the date of issue of the Convertible Loan Note and expires on the last day of the term of the Convertible Loan Note.

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

(c) Value, conversion price and redemption

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

Any right of conversion may only be exercised in multiples of Convertible Loan Notes (the "**Conversion Amount**"). The number of Ordinary Shares resulting from the conversion of a Convertible Loan Note shall be calculated by dividing the Conversion Amount by the conversion price (as detailed above).

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

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

Interest has not been paid on the convertible notes since 1 October 2012 and discussions have been held to amend the security arrangements. At this stage these negotiations have not concluded. In addition, the Secured Loan Facility and Secured Convertible Loan Notes terms and conditions have been breached. The Group is reliant on the financial support of Farrer and Tulla. A proposal was prepared and accepted by the 2013 Secured Convertible Loan Noteholders to restructure and renegotiate these obligations. The Company paid 5 pence per GB Pound on 28 July 2014 in full and final satisfaction of the 2013 Secured Convertible Loan Notes.

Related party loans

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

Included in this balance is AUD$60,000 due to Ascent Capital Holdings Pty Limited, a company associated with Gary Steinepreis and AUD$70,491,399 due to Tulla, a company associated with Kevin Maloney.

21. Share capital

	30 June 2014	*30 June 2013*
	£	*£*
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	*Number*	*Issued and fully paid capital £*	*Share premium reserve £*	*Issued and fully paid capital AUD$*	*Share premium reserve AUD$*
Total as at 30 June 2012	492,202,223	6,152,528	67,221,238	11,078,457	131,573,405
Issued on 26 July 2012	73,830,333	922,879	996,709	1,397,498	1,555,715
Issued on 27 August 2012	243,693,253	3,046,166	3,289,859	4,630,173	5,117,557
Issued on 16 January 2013	100,000,000	1,250,000	1,350,000	1,900,000	2,100,000
Issued on 16 January 2013	207,476,414	2,593,455	2,800,932	3,942,052	4,357,006
Share issue expenses	-	-	-	-	(1,616,882)
Total as at 30 June 2013	1,117,202,223	13,965,028	75,658,738	22,948,180	143,086,801
Total as at 30 June 2014	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.

22. Share-based payments

	Year ended 30 June 2014 AUD$	*Year ended 30 June 2013 AUD$*
The Group recognised the following charge in the income statement in respect of its share-based payments plans:		
Share option and warrant charge	-	209,416

Other reserves:

At 1 July 2013 – share-based payments reserve	1,120,435	1,120,435
Share-based payments – options and warrants expenses	-	-
Share options and warrants lapsed	-	-
At 30 June 2014 – total other reserves	1,120,435	1,120,435

Share options and warrants outstanding

The details of share options and warrants outstanding at 30 June 2014 are as follows:

	Number of Share options and warrants
At 1 July 2013	149,883,333
Options and warrants expired and lapsed or cancelled in the year	-
At 30 June 2014	149,883,333

Share options and warrants charge
Valuation methodology:

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

	Employee Options	*Director Options*	*Incentive Options*	*April 2012 Tulla Warrants*	*June 2012 Tulla Warrants*
Share Price	$0.92	£0.051	£0.05	£0.038	£0.026
Exercise price	$1.04	£0.12	£0.12	£0.12	£0.12
Expected volatility	39.6%	21.4%	52.0%	41.4%	67.9%
Option life	5 years	5 years	5 years	3 years	3 years
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk free rate	4.75%	4.25%	4.00%	4.00%	4.00%

22. **Share-based payments (continued)**

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

Options and warrants issued:

2,050,000 options were issued on 24 January 2011, have a 24 month vesting period from date of issue and expire on 24 January 2016. The share options exercisable at $1.04 were granted to various employees under an Unapproved Employee Share Option Plan approved by the Board on 28 March 2007 and amended pursuant to a resolution of the Board approved on 15 August 2007 and further amended pursuant to a resolution of the Board dated 24 March 2009. (**"Employee options"**)

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

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

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

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

Options and warrants expired:

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

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

23. Financial instruments

Interest Rate Risk
At 30 June 2014, the Group had Australian Dollar cash deposits of AUD$1,295,108 (30 June 2013: AUD$10,214,808). 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:

	Floating interest rate 30 June 2014 AUD$	*Non - Interest Bearing 30 June 2014 AUD$*	*Floating interest rate 30 June 2013 AUD$*	*Non - Interest Bearing 30 June 2013 AUD$*
Financial assets:				
Cash at bank and in hand	1,298,118	-	10,214,808	-

The effective weighted average interest rate was 2% (30 June 2013: 2%).

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

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

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

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

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

24. Exploration expenditure commitments

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

	30 June 2014		*30 June 2013*	
	Group	*Company*	*Group*	*Company*
	AUD$	*AUD$*	*AUD$*	*AUD$*
As at the balance sheet date the aggregate amount payable is:				
Within not more than one year	6,317,600	-	6,317,600	-

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

25. Related party transactions

The remuneration paid to the Directors, in accordance with the service contracts which include payments made to entities associated with the Directors, during the year ended 30 June 2014, was as follows:

	Note	*Fees/Salaries*	*Share based payments*	*2014 Total*	*2013 Total*
		AUD$	*AUD$*	*AUD$*	*AUD$*
Kevin Maloney		-	-	-	-
David Steinepreis		-	-	-	82,836
Gary Steinepreis	1	-	-	-	-
Totals	-	-	-	-	82,836

Notes:

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

Other transactions with related parties:

Included within loans and borrowing is an amount of AUD$18,736,585 due to Farrer andTulla.

26. Net cash flows from operating activities

Group	*Year ended 30 June 2014 AUD$*	*Year ended 30 June 2013 AUD$*
Group operating profit/(loss) before impairments	339,792	(53,707,374)
Adjustments for items not requiring an outlay of funds:		
Depreciation and amortisation	150,000	3,677,584
Exploration expenditure written off	2,877,223	1,874,289
Loss on disposal of assets	4,965	7,452,367
Provision for rehabilitation	(19,795)	14,852,966
Share-based payments charge	-	209,416
Net cash inflow/(outflow) before changes in working capital	3,352,185	(25,640,762)
Decrease in inventories (Note a)	44,108	633,330
(Increase)/decrease in receivables and prepayments	(2,571,480)	1,095,492
(Decrease)/increase in payables	(2,737,621)	(15,617,175)
Increase/(decrease) in provisions for liabilities	1,783,747	(194,865)
Net cash outflow from operations	(129,061)	(39,723,980)
Interest received	95,703	240,907
Interest paid	(7,297,507)	(5,696,828)
Net cash outflow from operating activities	(7,330,865)	(45,179,901)

Note a: Inventories includes AUD$ Nil of Gold Bullion on hand at 30 June 2014 (30 June 2013: AUD$ Nil).

26. Net cash flows from operating activities (continued)

Company	*Year ended 30 June 2014 AUD$*	*Year ended 30 June 2013 AUD$*
Operating profit/ (loss) before impairment charges	7,597,824	(1,227,198)
Gain on repurchase of convertible notes	(7,447,650)	-
Net cash inflow/(outflow) before changes in working capital	150,174	(1,227,198)
Decrease/(increase) in receivables and prepayments	24,326	(22,054)
Increase in trade and other payables	327,688	1,410,869
Net cash inflow/(outflow) from operations	502,188	(161,617)
Interest received	17,973	49,384
Interest paid	(368,400)	(1,825,187)
Net cash inflow/(outflow) from operating activities	151,761	(1,614,186)

27. Control

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

28. Contingent liabilities

UK VAT Dispute

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

The Company has appealed the Commissioner's ruling and obtained legal counsel's opinion, that HM Revenue & Customs findings are incorrect, and that there are valid grounds for appealing the findings. Based on counsel's opinion and the advice of its advisors, the directors consider the Commissioner's demand for repayment of VAT refunded ought not to succeed and accordingly have not provided for this potential liability in these accounts at 30 June 2014.

29. Subsequent events

The following events occurred subsequent to 30 June 2014:

- The Company has continued its operations with the financial support of Tulla.
- The Directors have announced that they have completed remnant mining operations at Harlequin and North Royal and limited mining operations continues at Bullen. The Group has commenced exploration activities as well as investigating other potential short–term and mid–term mining plans.
- An offer of 5 pence per pound for the UK Secured Convertible Loan Notes was accepted in July 2014 and an amount of GBP 254,350 was paid on 28 July 2014.

Corporate Governance Statement

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

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

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

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

Corporate Governance Compliance

During the year the Company has considered the ASX Corporate Governance Principles and the corresponding Best Practice Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

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

Principle 2 – Structure the Board to add value

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

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

2.4 A nomination committee has not been established.

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

Principle 3 – Promote ethical and responsible decision-making

3.2 – 3.4

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

Principle 4 – Safeguard integrity in financial reporting

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

Principle 7 – Recognise and manage risk

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

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

Disclosure of Corporate Governance Practices
Summary Statement

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

Disclosure – Principles & Recommendations - 2013/2014 financial year

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

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

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

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

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

The matters that the Board has specifically reserved for its decision are:
- the appointment and management of the CEO;
- approval of the overall strategy and annual budgets of the business;
- compliance with the Articles of Association and other constitutional documents.

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

Recommendation 1.2:

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

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

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

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

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:
The Chair of the Board is not independent.

Recommendation 2.3:

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

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

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:
A nomination committee has not been established.

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

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.
Disclosure:
The Chairman is responsible for evaluation of the CEO, the Board and the committees.

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

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

Recommendation 2.6:

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

Disclosure:
Skills, Experience, Expertise and term of office of each Director and re-election procedure
A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

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

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

Identification of Independent Directors

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

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

Statement concerning availability of Independent Professional Advice

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

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:
Companies should establish a Code of Conduct and disclose the code or a summary of the code as to:

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

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

Recommendation 3.2:
Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

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

Recommendation 3.3:
Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

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

Recommendation 3.4:
Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

Disclosure:
There are currently no women employees in senior executive positions.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1

The Board should establish an Audit Committee.

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

Recommendation 4.2:

The Audit Committee should be structured so that it:

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

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

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:
The Company has an Audit Committee Charter.

Recommendation 4.4:

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

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

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

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

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

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

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

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

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

Principle 7 – Recognise and manage risk

Recommendation 7.1:

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

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

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

Recommendation 7.2:

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

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

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

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

Recommendation 7.3:

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

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

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

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

Recommendation 8.2:

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

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

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

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

The shareholder information set out below was applicable as at the dates specified.

1 Distribution of Equity Securities (Current as at 31 March 2015)
Analysis of numbers of equity security holders by size of holding - Class of Security – **Chess Depositary Receipts:**

			Number of CDI holders
1	-	1,000	58
1,001	-	5,000	103
5,001	-	10,000	75
10,001	-	100,000	179
100,001	and over		131
			546

There were 251 holders of less than a marketable parcel of ordinary shares

2 Equity Security Holders (Current as at 31 March 2015)
The names of the twenty largest holders of quoted chess depository receipts on the ASX are listed below –

Rank	Name	Units	% of Units
1.	UBS NOMINEES PTY LTD	55,200,000	15.70
2.	JETOSEA PTY LTD	49,493,511	14.07
3.	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	34,250,000	9.74
4.	CITICORP NOMINEES PTY LTD	24,808,789	7.05
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,291,482	6.34
6.	ROSEBERY NOMINEES PTY LTD <THE MALONEY S/F A/C>	16,666,667	4.74
7.	NATIONAL NOMINEES LIMITED	11,851,737	3.37
8.	TOPETE PTY LTD <SUPERANNUATION FUND A/C>	8,833,333	2.51
9.	TULLA RESOURCES GROUP PTY LIMITED <TULLA RESOURCES INVEST A/C>	7,502,333	2.13
10.	TOP 4 PTY LTD <THE FOUNDATION INV S/F A/C>	6,250,000	1.78
11.	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,178,958	1.47
12.	ALL STATES FINANCE PTY LIMITED	5,000,000	1.42
13.	MR ANTHONY PHILLIP DAVIDSON	5,000,000	1.42
14.	INVIA CUSTODIAN PTY LIMITED <R BAROONA P/L - CARTER A/C>	5,000,000	1.42
15.	MORRIS EQUITY INVESTMENTS PTY LTD <THE KDLM A/C>	5,000,000	1.42
16.	PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	4,763,470	1.35
17.	DIALES PTY LIMITED <L & D BOARDMAN SUPER A/C>	4,000,000	1.14
18.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	3,560,480	1.01
19.	NAJAVA PTY LIMITED <MACINTOSH SUPER FUND A/C>	3,414,924	0.97
20.	TULLA PARTNERS HOLDINGS PTY LIMITED <TULLA PARTNERS HOLDINGS A/C>	3,333,002	0.95
Totals: Top 20 holders of CHESS DEPOSITARY INTERESTS		**281,398,686**	**80.02**
Total Remaining Holders Balance		**70,250,136**	**19.98**

3 **Unquoted Equity Securities** – Option holders, holding 20% or more (Current as at 31 March 2015)
Nil

4 **Voting Rights**

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

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

(c) Options
These securities have no voting rights.

5 **On-Market Buy-Back**

There is no current on-market buy-back.

6 Additional information for ASX investors

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

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

(c) Nor is the Company is not subject to the provisions of the United Kingdom City Code on Takeovers and Mergers.

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