



Norseman Gold Plc
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ASX: **NGX**

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Norseman Gold Plc

Company Operational Update for the period 1 October 2014 to 31 January 2015

Norseman Gold Plc (**Norseman** or **Company**) remains suspended on the ASX.

The Company sets out an operational update in relation to its principal operating subsidiary, Central Norseman Gold Corporation Pty Ltd (**CNGC**), for the period 1 October 2014 to 31 January 2015.

Highlights

- *Renewed Operational Activity*
 - *Continuation and expansion of existing mining*
 - *Resource development by near mine exploration*
- *Appointment of a resident General Manager*
- *Refurbishment of Plant to meet future production requirements*
- *Positive EBITDA*

Current Mining

As previously reported, remnant mining is continuing underground at Bullen by contractors, Ravensthorpe Mining Services Pty Ltd (RMS) using the rescue mining technique to focus on grade.

Open pit mining the HV2 vein at Harlequin has continued as increased ore has been sourced. Further, some additional ore from the HV1 crown pillar has been mined as part of the current operations.

There have also been trials of some low grade waste dumps at Daisy, Bullen waste dump and North Royal waste dumps. Crushing Services Solutions Pty Ltd has been engaged to provide a mobile crushing plant on site. These trials are ongoing.

Production Results

In the relevant period, 5,134 ounces of fine gold were produced and sold for \$7.0 million net revenue (i.e. after Royalties) at an average price of A\$1,365 per ounce.

The operations remain un-hedged.

Financials

For the financial year to 31 January 2015 (7 months), CNGC has traded profitability and the unaudited results are shown below. Given the significant restructuring that has occurred over the past 18 months, no comparisons have been provided.

	7 mths to 31 Jan 2015 Unaudited
Revenue	\$19,374,025
Expenditure	\$11,269,315
Gross EBITDA	\$8,104,710
Exploration Costs - Written Off	\$2,838,885
Net EBITDA	\$5,265,825
Depreciation	\$257,126
Interest Expense	\$4,315,360
Gross Profit	\$693,339

The future operational strategy for the mine is still being finalised, with mining continuing in the Harlequin and Bullen mines and trials continuing on various low grade stockpiles. As well, there are ongoing maintenance activities being undertaken on the Phoenix Mill that will impact on the mill availability. Based on these uncertainties, it is not possible to accurately forecast the likely year-end financial result. The Directors are confident that operations for the remainder of the year will continue to be cash flow positive. An updated forecast of the likely exploration program has yet to be finalised.

It is noted that while interest expenses have been accrued, no interest has been paid. The Company is in breach of various covenants under its financing arrangements and the Company and its subsidiaries remain subject to the ongoing support of its major shareholder and secured lender, Tulla Resources Group Pty Ltd and related entities.

Near Mine Potential and Exploration

During the period, the Company has undertaken a detailed review of the near mine potential to exploit additional resources.

This resource development will continue into the next quarter and beyond. The current program includes:

- **Harlequin**

A study of the controls of mineralisation has identified the importance of the Harlequin Granodiorite's contacts in controlling ore shoots. These contacts appear not to have been previously specifically targeted. Compilation continues at Harlequin with the initial aims being to find shallow ore in order to extend the existing open cut and of a possible planned open cut to the west of HV1 to exploit the HV5 vein complex.

Drill testing near the HV1 open cut at Harlequin to define and trace newly located mineralisation in the western end of the existing open cut. It is hoped to trace mineralisation down dip and along strike to the north. Shallow targets to the south of the open cut also to be tested.

Drill testing will be completed to the west of the HV1 open cut over a possible new open cut to exploit the HV5B mineralised surface and other nearby vein complexes.

Other drill testing at Harlequin will test targets identified by a recent re-interpretation of the structure.

- **North Royal**

The open cut mining of remnant pillars in Pit D was completed in August 2014. An internal study has recommended the mining of the remnant underground pillars in the northern section of Pit E by open cut. These pillars are located in the 195RL to 170 RL section of Pit E.

Further work has also been undertaken in relation to a possible cut back of the southeast wall of the North Royal mine. A proposal was originally submitted to the DMP in 2010. This is being revisited as the data is being reinterpreted and in the light of new technologies and approaches to mining.

- **Bullen & Crown Reef**

RMS are continuing to mine in existing areas underground at Bullen and are continuing to seek out additional ore from the existing mine development.

A study is also in progress in relation to mining the Crown Reef Pillars. These pillars contain significant resources that could be accessed with relatively minimal mine development given its proximity to the existing mine infrastructure. A geotechnical review has commenced and a prefeasibility study is anticipated internally in the next quarter for Board approval.

Other Projects

As stated in the Company's September Quarterly Update, work continues on the assessment of the viability of the iron-ore deposits and gypsum deposits. This is expected to be ongoing over the next 12 months.

In relation to the iron ore and associated gold, previous drilling data is being reviewed and the gold potential in the banded irons (BIF) and sedimentary iron formations (SIF) has been identified and further work planned.

Samples of the extensive gypsum deposits near Harlequin and Daisy have been taken and the results are awaited. Subject to the sample outcome, some drilling may be planned.

Statement of Norseman's Mineral Resources

On 24 December 2014 the Company announced its Statement of Mineral Resources as at 1 September 2014 in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code 2012").

The complete Statement of Mineral Resources is available on the Company's website at norsemangoldplc.com

Plant

Significant maintenance and capital works have been undertaken on the Phoenix Mill during the period. This refurbishment of the plant, which is ongoing, is to ensure continued availability to meet future operational processing requirements.

Corporate

The Company's Annual Report, 2013 was released on 2 December 2014.

At the AGM held on 30 December 2014, all Resolutions were passed, including the re-election of Gary Steinepreis as a Director of Norseman.

John Watkins commenced as resident General Manager of CNGC on 16 February 2015.

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