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NORSEMAN GOLD PLC
(‘Norseman Gold’ or ‘the Company’)
Company Update

Norseman Gold, the AIM-listed and ASX-listed Australian gold production and exploration company is pleased to announce an update following the recent fund raising of £6.9 million completed on 9 December 2011.

The newly appointed Chairman, David Steinepreis has been conducting an operational review, focussed on all mining activities with the primary objective of improving the operational efficiencies of the operations and reducing the overall cost of production. The Company believes that this process has already identified areas which will improve the financial performance of Norseman Gold.

At North Royal the Company is pleased to confirm that it has reached the targeted hard rock ore. The harder rock ore means that more North Royal ore will be able to be added to the overall treatment plant feed. This should result in an increase in the ounces produced as more tonnes will be able to be treated. The blend ratio has already been able to be increased from around 20% of North Royal in the blend up to around 40%.

With a direct focus on cost, the Company has decided to suspend mining at the OK Decline in order to reduce expenditure and focus on the areas of the mine that are performing and/or producing profitable ounces. Manpower will now be transferred to the other areas of operation which should alleviate the reported manpower issues. By centralising the workforce on the new areas of focus, the Board believes it can also improve operational efficiencies.

A detailed review of both the Bullen and Harlequin underground mines, and how production and profitability at these centres can be improved is also on-going and the Board will again update the market on this in the New Year, which will include guidance on gold production for the full year.

With regards to non operational issues, the Company is also in third party discussions with a potential strategic partner who are looking to take an active role in the development of Norseman Gold. They have experience in operating at Norseman, particularly the Harlequin and Bullen mines and therefore understand the ore bodies and their potential.

Norseman Gold Chairman David Steinepreis said, "The cost of production per ounce has been the main issue at Norseman due to the low number of ounces being produced and through the review we continue to address this. While the decision to suspend mining at the OK Decline is regrettable, I believe this will have an immediate positive effect on the Company's profitability. Our aim now is to focus primarily on improving the profitability of Harlequin and the Bullen underground mines, and North Royal, which I believe will translate into higher grade production, cost efficiencies and lower overall production costs. The reaching of the hard rock at North Royal is an encouraging step in the right direction and I look forward to rapid development at this site which should impact positively on performance.

I maintain the belief that Norseman Gold is a Company with potential: indeed it produced c.80,000 ounces Au from just two mines in 2009. I am fully aware of the challenges, however I am confident that we can significantly improve Norseman's operational efficiencies and cost per ounce of production, a belief which I think was underlined by my participation in the last financing. We have interest from third parties regarding a management contract and discussions are on-going. The fact that we have been approached by a group that understands the ore bodies should provide increased confidence of Norseman Gold's potential."

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For further information visit www.norsemangoldplc.com or contact:

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Note to editors:

Norseman Gold plc is an AIM listed and ASX listed Australian gold production company, which acquired the Norseman Gold Project in May 2007, Australia's longest continually running gold operation. The Norseman Gold Project is located in the Eastern Goldfields of Western Australia in the highly prospective Norseman-Wiluna greenstone belt, 725km east of Perth and 186km from Kalgoorlie. The tenements cover a 2,360 sq km area centred on the Norseman Township.

Gold was first found on the Norseman field in 1894 and over the last 65 years, it has produced over 5.5 million ounces of gold. The mine is currently producing from two high-grade narrow-vein underground mines - the Bullen and Harlequin and developing the North Royal Open Pit. Currently, it has a total resource inventory of 3.4 million ounces of gold at an average grade of 4.7 g/t.