



Norseman Gold Plc  
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3 October 2012

### **Consolidation of Senior Secured Debt, Operations Update and Appointment of Voluntary Administrator to Central Norseman Gold Corporation Limited ("CNGC")**

Further to the announcement of 19 September 2012 on AIM and the announcements of 19 September 2012 and 24 September 2012 on ASX, the Company wishes to update shareholders and interested parties as to recent events.

#### **Novation of Senior Secured Debt**

CNGC's principal secured lenders, EXP T1 Ltd (a corporation associated with the Red Kite Group) and Tulla Resources Group Pty Ltd, have reached agreement for the assignment of Red Kite's secured debt to an associate of the Tulla Group.

Under the terms of the agreement, EXP T1 Ltd has novated to Farrer Place Holdings Pty Ltd ACN 160 507 031, a corporation associated with Tulla Resources Group Pty Ltd ("Tulla"), all of the rights obligations and liabilities under the Facility Agreement between Central Norseman Gold Corporation Limited and EXP T1 Ltd dated 1 July 2011 ("Facility Agreement") and associated security documents.

The novation is considered a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies published by the London Stock Exchange plc. It is further noted that Kevin Maloney, a Director of the Company, is interested in the novation as a director of Tulla.

Accordingly, it is noted that each of David Steinepreis and Gary Steinepreis has consulted with the Company's nominated advisor, Northland Capital Partners Limited and each of David Steinepreis and Gary Steinepreis considers, in relation to the novation, that the terms of the novation (and the terms upon which the Company will participate in the novation) are fair and reasonable insofar as the Company's shareholders are concerned.

As a result of the novation, Tulla now directly and indirectly holds approximately A\$25 million in secured debt issued by the Company and its subsidiaries.

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## Operations Update

The Company had previously reported that it expected operations to be cash positive by the end of the September quarter on the basis that approximately 17,000 ounces of gold would be produced for the quarter. The North Royal open pit and the Harlequin underground mine had been forecast to provide the estimated production however performance has been below the target for the last three months.

There have been a number of contributing factors, including the following:

- The Datum points used to establish the initial Block Models in the North Royal pit were found to be incorrect by between 2.5m to 7.5m in the vertical.
- The region has experienced significant rain, causing the pit being closed for 15 operating days during July, August and September.
- There have been ongoing issues with contractor equipment breakdowns in the North Royal pit, particularly the second excavator which has only been available for approximately 50% of the time.
- The Harlequin underground mine remains closed due to safety concerns.

All these factors combined to create significant short term cash flow issues as the Harlequin had been intended to provide the majority of gold for the operation while the North Royal work was undertaken to reach the ore levels.

To compound matters the mill has been closed due to mechanical and maintenance problems, resulting in no gold being produced, with the last gold sale swap occurring on 11 September 2012.

The business has now reached a critical point in respect of short-term cash flow and as a result the directors of Norseman Gold Plc., which is the largest creditor of CNGC, have concluded that it is appropriate to appoint a voluntary administrator to the group's principal operating subsidiary, CNGC, further details of which are set out below. The Administrator intends to continue to run the Norseman Mine as a going concern and Tulla has agreed to indemnify the Administrator in relation to his costs.

To conserve costs the operational management agreement with L2 Project Management – Norseman Pty Ltd ("L2PM") has been terminated and responsibility for and control of operations has been resumed by CNGC. L2PM will continue to provide consulting support as and when required.

Mr Andrew Matheson who was appointed as Chief Operating Officer on 9 August 2012 is no longer with the Company.

The day to day management and operations are not affected by either the appointment of the Administrator or the termination of the L2PM management agreement. The management and employees of CNGC remain focussed on restoring Harlequin to operations and continuing the processing of North Royal.

### **Appointment of Voluntary Administrator to Central Norseman Gold Corporation Limited**

The Company's operations have not produced cash flow sufficient to meet liabilities to creditors on a timely basis and Directors have today appointed Mr Ron Dean-Willcocks of the Sydney based insolvency practice of Dean-Willcocks Shepard as voluntary administrator ("Administrator") to the Company's wholly owned subsidiary CNGC.

The Administrator's immediate intention is to retain existing management and maintain CNGC's business as a going concern. Directors propose to submit to the Administrator a Deed of company Arrangement for consideration of creditors that will provide for the continuation of the business of CNGC and control to be returned to its directors.

Contact particulars for the Administrator are:

Dean-Willcocks Shepard

Tel: (02) 9234-0400

Email: mail@dwsrecovery.com.au

Address: Level 2  
32 Martin Place  
SYDNEY NSW 2000

### **Suspension from trading of Norseman Gold Plc. on ASX and AIM**

Although the agreement between Tulla and EXP T1 Ltd has resolved the immediate financial difficulties faced by the Company, whilst an administrator remains appointed to CNGC the Company's ordinary shares will continue to be suspended from trading on both ASX and AIM.

The Company will make further announcements regarding its progress both operationally and corporately as soon as possible.

**\*\* ENDS \*\***

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