

## Regulatory Announcement

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**Company** [Norseman Gold PLC](#)  
**TIDM** NGL  
**Headline** Royalty Dispute  
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### NORSEMAN GOLD PLC

("Norseman Gold" or the "Company")

#### Royalty Dispute

Central Norseman Gold Corporation Limited (**CNGC**), a wholly owned subsidiary of Norseman Gold and the owner of the Norseman Gold Mine, wishes to advise that it is seeking a determination in the Supreme Court of Western Australia relating to a royalty dispute in the period prior to the acquisition of CNGC by Norseman Gold. The Company will be vigorously challenging the assertion that CNGC is liable for the payment of the outstanding royalties. Furthermore, the Company considers that it is indemnified against the claim by warranties given by the vendor.

#### Background

CNGC has received a demand from the Western Australian Minister for Energy, Resources, Industry and Enterprise (**Minister**) for gold royalties allegedly owing in 2006 in the amount of \$895,225.86 (**Alleged Royalty Debt**).

The Alleged Royalty Debt relates to gold royalties from the period predating CNGC going into administration. CNGC was placed in administration on 23 June 2006 and was released from administration on 30 April 2007, when it was acquired by Norseman Gold.

Pursuant to the terms of the CNGC Deed of Company Arrangement (**CNGC DOCA**), all CNGC debts were released when CNGC was released from administration, with the creditors subsequently only having recourse against the CNGC Creditors Trust, and not CNGC.

The Department of Industry and Resources (**DOIR**), on behalf of the Minister, duly submitted a proof of debt for the Alleged Royalty Debt to the CNGC Creditors Trust, and received a dividend cheque. The Company understands that the DOIR subsequently returned the dividend cheque to the CNGC Creditors Trust.

The Minister has now demanded payment of the Alleged Royalty Debt in full from CNGC.

CNGC disputes the Minister's claim on a number of grounds, including that the Alleged Royalty Debt due to the Minister was released by the CNGC DOCA, in the same way as the debts of other creditors of CNGC.

### **Indemnification**

Whilst CNGC strongly disputes the Minister's claim, in the event that the Minister has a valid claim, the Company considers that it is entitled to be indemnified for any amount it is required to pay to the Minister. Under the Share Sale Agreement pursuant to which the Company acquired CNGC, it received warranties from Croesus Mining NL (**Croesus**) (at the time subject to a deed of company arrangement), which warranties, if the Minister is entitled to recover the Alleged Royalty Debt, CNGC considers have been breached. As a consequence, in the event that the Minister has a valid claim, CNGC will seek to be indemnified for the Alleged Royalty Debt under the warranties.

Bryan Hughes, the Trustee of the Croesus Creditors Trust (**Croesus Trustee**), has acknowledged that, to the extent that Norseman Gold has a valid warranty claim against Croesus, that claim is to be borne by the assets of the Croesus Creditors Trust (and not the reconstructed Croesus), but denies liability for breach of warranty.

### **Determination Process**

CNGC, the Minister and the Croesus Trustee have agreed to have these matters determined in the Supreme Court of Western Australia. A Status Conference is scheduled for 16 June 2008, at which time the Court will make programming orders for the parties. It is unlikely that a hearing in the matter will take place before the end of 2008.

The Company notes that from the date of the appointment of the Administrator on 23 June 2006 to present, CNGC has complied with all of its obligations under the mining leases, including the payment of rent and royalties to the Minister.

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

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