Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 2899)

Overseas Regulatory Announcement

This is an announcement issued by Norton Gold Fields Limited, a subsidiary of Zijin Mining Group Co., Ltd.* (the "Company") on the website of Australian Securities Exchange.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Luo Yingnan, Qiu Xiaohua, Lan Fusheng, Huang Xiaodong, and Zou Laichang as executive directors, Mister. Peng Jiaqing as non-executive director, and Messrs. Su Congfu, Chen Yuchuan, Lin Yongjing, and Wang Xiaojun as independent non-executive directors.

By Order of the Board of Directors
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

27 September 2012, Fujian, the PRC
*The English name of the Company is for identification purpose only

NORTON GOLD FIELDS LIMITED

annual report **2012**

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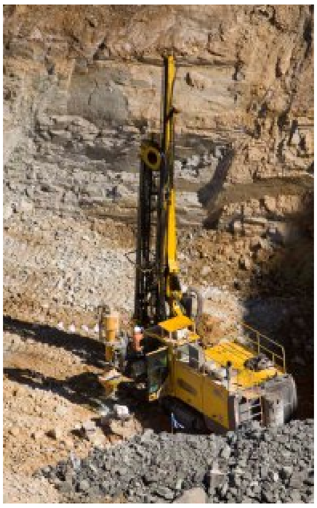

directors & officers

Jinghe Chen
Non-Executive Chairman

Dianmin Chen
Chief Executive Officer

Tim Prowse
Non-Executive Director

Anne Bi
Non-Executive Director

Hanjing Xu
Non-Executive Director

Dané Van Heerden
Acting Chief Financial Officer

Leni Stanley
Company Secretary

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our company

company profile

Norton Gold Fields Limited (Norton or "the company") is one of Australia's largest domestic gold producers, with annual production of more than 150,000 ounces. The Company has a mining and processing complex in Western Australia's world class Kalgoorlie gold region, including a highly prospective tenement package of 678km^2 surrounding the 3.7Mtpa Paddington Mill. The Paddington Operations has gold ore reserves of 1.03Moz and mineral resources of 6.03Moz and a mine life in excess of ten years, with considerable exploration upside from more than 80 known prospects across its tenement package. In August 2012 Norton's major shareholder, and China's largest gold producer, Zijin Mining Group Co., Limited (Zijin) increased its stake in Norton to 89% following a recommended takeover offer to shareholders.

The Company also has the Mount Morgan gold tailings project in Central Queensland.

vision

Be a leading low cost gold producer, setting the industry benchmark in innovation and operational efficiency.

values

Norton has five universal values, to support achievement of the Company's vision:

Zero Harm: Minimising potential harm to people, the environment and communities in which we operate.

Teamwork: Promote the harmony amongst the enterprise, people, environment and community; developing a world class team; continuing to embrace international best practices.

Performance Driven: Hold ourselves accountable to achieve and exceed our individual and collective goals.

Efficiency: Continually investigate safer, better, quicker, smarter and more cost effective ways to work.

Innovation: Seek out, test and where appropriate implement creative solutions, and innovations in technology that have the economic potential to add value to our business.

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2012 highlights

Increased profitability - gross profit of $44.4 million, up $15.9 million on previous period

Strong cash position with net cash from operations $59.5 million, and June cash balance of $55.9 million

Gold production above target - 150,696 ounces produced for the year

Investment in future growth – more than $37 million invested in capital expenditure and exploration

Record mill throughput - Paddington Mill processes 3.7Mt at an average feed grade of 1.37g/t and average recovery of 94%

Increase in sales - gold revenue of more than $244 million (average gold price received of $1,617/oz)

Major exploration program - $37 million committed over two years to advance known prospects into the mining schedule and greenfield exploration targeting new gold discoveries

Reduction in debt - debt levels reduced during the year from over $80 million to $45 million

A takeover offer by major shareholder, Zijin Mining Group Co., Limited, recommended by the Board and accepted for 89% of the shares on issue (completed after June 30)

chairman's report

It is my pleasure, as the recently appointed Chairman of Norton Gold Fields Limited, to report on what has been a significant and successful year for the Company, and one which has positioned Norton well to leverage value from its considerable asset base against the backdrop of a continuing positive outlook for gold.

During the financial year, Zijin Mining Group Co., Limited initially increased its stake to 16.98% in a share placement at a premium to the prevailing share price at the time to become Norton's largest shareholder. Zijin subsequently further increased its stake in the Company via a successful takeover offer. The cash offer, which was made at a premium to the prevailing share price, provided Norton shareholders an attractive opportunity, and as such was unanimously recommended by the Board. Following the closure of the offer period in August, Zijin now holds 89% of the shares in Norton.

As Chairman of both Zijin and Norton, I am very excited by the joint opportunities that lie ahead.

Zijin is a large, gold focused mining company, and brings significant depth of expertise to Norton. Incorporated in China, Zijin is listed on both the Hong Kong and Shanghai stock exchanges. It has a market capitalisation of approximately A$12.5 billion, and has grown to become China's largest gold producer and second largest copper producer.

For Norton and its shareholders, having Zijin as a supportive major shareholder will provide a significant new level of financial and technical support to develop and advance its gold portfolio in Australia, creating both new opportunities and security for the future.

Norton has already established itself as a significant domestic gold producer in one of Australia's premier gold regions. This has been a great credit to Norton's management and all of its employees, and I would like to acknowledge the outstanding work done to date. In particular, I would like to thank our previous Managing Director, Andre Labuschagne and outgoing Chief Financial Officer, Robert Brainsbury for their valued contributions in the past few years.

The challenge now for our new management team, under the capable leadership of Managing Director and Chief Executive Officer, Dr Dianmin Chen, is to take the Company to new levels of performance across all areas of the business.

A central theme for Norton going forward is growth, and in the years ahead we will explore ways to highly enhance the reserve and resources, increase production, including upgrading our mill facilities and progressing the assessment of processing technologies, controlling the production costs, with the strong technical and financial support of Zijin. We will also invest in other technology and processes aimed at continued improved efficiency and resulting in increased profitability, to create value for the community, the shareholders and our employees.

I believe we have the team in place that can achieve this, and most importantly, to achieve it in a safe and sustainable manner.

Yours sincerely

Jinghe Chen
Chairman

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managing director's report

I am delighted to have joined the team at Norton Gold Fields Limited, and to have the trust and support of the Board as I begin this exciting and challenging role.

The coming year marks the start of a new era for Norton, its shareholders and employees. With the backing of Zijin Mining Group, Norton is better positioned than ever to capitalise on its prime assets in the world-class Kalgoorlie goldfields.

Strong performance in 2012

We start the 2013 financial year in a strong position, after a positive performance by the Company in 2012. Financially, the Company recorded a sharp increase in profit, with a gross profit of $44.4 million, an increase of $15.9 million from the previous year. The Company also strengthened its cash position, with a cash balance at June of $55.9 million. During the year, the Company also significantly reduced its debt levels from $80 million at the start of the period, to $45 million as at 30 June 2012.

Operationally, the Company exceeded its targets, achieving gold production of 150,696 ounces. The hub of our operations, the Paddington Mill set a new record for throughput, processing a record 3.7Mt for the year. The Company also continued to invest in its future growth, with capital expenditure on projects of $37 million.

In December 2011, the Company embarked on a significant exploration program, with a $37 million exploration and resource development budget to expand its mineral inventory in the region. This strategic program will target further growth in Paddington's resource and reserves, test underexplored targets on Norton's extensive landholding, and advance known prospects into the mining schedule.

Further growth opportunities

A major responsibility within my role is to take Norton through the next phase in its development as a mid-tier gold company. Our Board has the experience to guide us through this period, and we have the opportunity to draw on the strong financial backing, experience and technical knowledge of our major shareholder, Zijin, to improve the efficiency of our operations with a view to setting higher production targets going forward.

We will also actively pursue new opportunities arising from our exploration investment, the application of new technology such as heap leaching, or through regional transactions. We are setting up a strong and experienced project team to identify these opportunities, and to plan their implementation to accelerate our future growth path.

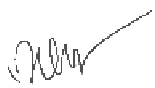
Safe and sustainable approach

Above all, I want to reinforce Norton's commitment to safety. For all of our staff, working safely is our single greatest priority. In 2012, we were disappointed not to meet our safety goals, and the Board and Executive team reinforced the importance of achieving continuous safety improvement. Quite simply, we want all of our people to arrive home safely at the end of every working day.

We have an outstanding team in place at Norton. My intention is to promote and encourage a strong, results-driven culture to deliver on what we promise. All of our team members have a role to play in helping to create a secure future at Norton.

I look forward to working with the Norton team to achieve our goals in the coming years, for the benefit of all our stakeholders.

Yours sincerely



Dianmin Chen
Managing Director and Chief Executive Officer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safety and sustainability

Health and safety

During the past year there was an increase in the number of lost time injuries, from 6 LTI's in 2011 to 11 in 2012, a disappointing result, and one that does not reflect the significant efforts being made to improve safety systems, manage unsafe acts and conditions and improve safety leadership across the organisation.

Significant effort has been made to equip the workforce with the tools to effectively identify, assess and mitigate hazards in the workplace and the associated risks. The Company has updated and improved its Health Safety and Environmental Management Systems to support the achievement of the targeted standards in the workplace.

In 2013 the Company will be adopting a safety leadership and behaviour model based on its corporate values, as part of its ongoing commitment toward zero harm.

Environment

Norton is pleased to report continued improvement in environmental performance and compliance during 2012. Norton's Environmental Management System (EMS) is focused on ensuring compliance with legislation as a minimum. Environmental studies are undertaken ahead of mining operations to facilitate future approvals and license to operate. The EMS is under review to ensure continued compliance with Australian Standards and to further reduce our impact on the environment.

Importantly, Norton strives to do more than just meet regulatory compliance. In 2012 rehabilitation activities were undertaken at the previously mined Golden Cities and Natal operations, the Panglo Tailing Storage Facility and progressively at the Navajo Chief open cut mine.

During the financial year there were no major environmental incidents. The robust environmental management policies ensured that two reportable environmental incidents were successfully managed and resolved, and that mitigation strategies, to prevent reoccurrences, were put in place.

A number of energy efficiency and emissions reduction initiatives were also identified and implemented during the course of the year. The strategy is to continually seek opportunities to reduce our carbon footprint, and incorporate energy efficiency into our normal business practices.

Community

Norton remains committed to ongoing engagement with the local communities within which it operates.

In the 2012 financial year, Norton supported numerous initiatives in its local communities in Western Australia and Queensland, including:

- Sponsor of the Curtin University 2012 WASM Cadetship - supporting the training of future mining operators;
- Support for the Goldfields Children's Charity;
- Major sponsor of the Mount Morgan Golden Festival fireworks;
- A donation to the Mount Morgan Agricultural Show Society;
- Support for the Kalgoorlie-Boulder St Barbara Festival;
- Sponsor of the Kalgoorlie Goldfields Titans Rugby Club, which includes several of Norton's Paddington operations team members; and
- Support of other local Kalgoorlie charities such as District Pony Club and the Eastern Goldfields Cycle Club.

people and culture

Norton's greatest asset is its talented, dedicated and diverse workforce.

The Company currently has around 310 employees and 113 contractors at its operations in Kalgoorlie, and at the corporate office in Brisbane, Queensland. With the majority of operations just a 20-minute drive from Kalgoorlie, Norton provides drive-in drive-out positions, rather than fly-in fly-out. By providing increased stability for the workforce and advantages for a healthy work-life balance, Norton also provides positive benefits for the local community.

Norton is focused on building its workplace culture to further embrace cultural and gender diversity. The Company is proud of its record in this respect, and currently employs 73 women and 21 indigenous employees. The Company will continue to promote a strong, results-driven culture, to help create a secure future for its people and for the benefit of the wider community.

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mining

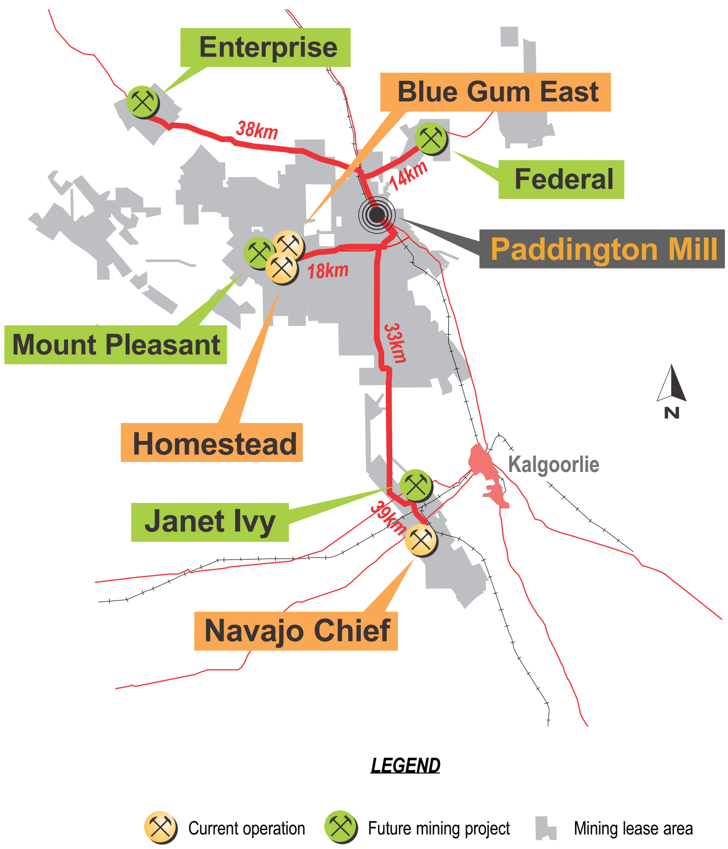
During the 2012 financial year, Norton's gold production of 150,696oz exceeded its forecast, and represents the second consecutive year that the company achieved production in excess of 150,000oz.

The Company's mining strategy remains focused on large base-load open cut mines such as Navajo Chief, in combination with the high grade Homestead underground mine.

Open cut

Norton mined a total of 6,193 thousand bank cubic meters (kbcm) from three operating open cut mines, which produced over 3.8Mt of ore in 2012.

The focus of mining activity during the year was the "base-load" Navajo Chief open cut mine. Navajo Chief is located 39km south-west of the Paddington Mill and 10km south-west of Kalgoorlie. The operation commenced production in January 2011 and produces a combination of hard and soft ore. During the 2012 financial year, mining at Navajo Chief produced 3,210kt of ore @ 0.98g/t for 101koz gold.



During the period Norton completed a mining program at the Blue Gum East deposit. Blue Gum East is a small open cut mining project, located 17km south-west of the Paddington Mill. Mining was commenced and completed during the reporting period, with production above plan.

Actual production was 369kt @ 2.44g/t for 29koz, above the initial target of 200kt @ 2.79kt for 18koz. At the end of the financial year, approximately 79,014 tonnes of Blue Gum ore remained stockpiled for treatment.

Mining at Janet Ivy resumed during November to supplement feed to the mill on a short-term basis, delivering 236kt of ore to the mill @ 0.82g/t, to produce 6koz of gold. Janet Ivy is located 33km south of the mill and 10km west of Kalgoorlie and delivers base-load hard ore to the Paddington Mill.

In January 2012 the operations were suspended, with the operation available for mining should further ore be required to supply the mill.

Open Cut mining 2012

	Q1	Q2	Q3	Q4	Total
Volume mined (kbcm)	1,530	1,609	1,692	1,362	6,193
Ore tonnes (kt)	777	1,042	1,200	800	3,819
Mine grade (g/t)	1.00	0.95	1.38	1.02	1.11

Underground

Norton's underground mining activities are centered on the company's Homestead underground mine, which first went into production in July 2010. The Homestead underground mine is part of the Mount Pleasant gold camp, located 18km south-west of the Paddington Mill, and 35km north-west of Kalgoorlie. During the 2012 financial year the mine produced 169kt at 7.19g/t for 39koz.

Implementation of a new mining method was a key focus at Homestead during the year. A change in mining method was introduced to reduce dilution which had been experienced earlier in the year, and provided the added benefit of improving stope turnover times. As a result, both production and head grade increased toward the end of the year.

Underground mining 2012

	Q1	Q2	Q3	Q4	Total
Ore tonnes (kt)	49	50	32	38	169
Mine grade (g/t)	7.34	5.80	7.88	8.32	7.19
Ore development (m)	513	503	214	455	1,685
Capital development (m)	343	415	834	538	2,130

The Mount Pleasant gold camp includes the Marlock, Tuart and Black Flag Projects that are located within 500 metres of the Homestead decline. These additional projects can be serviced from Homestead facilities and have the potential to provide additional high grade feed to the mill.

Costs

Management of operating costs continues to be a challenge. The full year C1 cash cost was $1,013/oz and was higher than previous guidance ($970/oz) and last year's performance ($1,005/oz).

This was primarily due to lower than targeted ore mined and higher costs at the Homestead underground operations resulting from dilution and ground stability issues during the year.

These issues have since been resolved with the implementation of a new mining method, and cash costs trended downward towards the end of the year, with the final two quarters being below the guidance target.

	Q1	Q2	Q3	Q4	FY2012
C1 cash cost ($/oz)	1,056	1,180	884	947	1,013
C2 production cost ($/oz)	1,304	1,440	1,112	1,291	1,282
C3 Total cost ($/oz)	1,342	1,481	1,163	1,335	1,325

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processing

The Paddington Mill is located 35km north-west of Kalgoorlie, and is strategically located in close proximity to Norton's mining operations in the Goldfields region.

In 2012, the mill , based on conventional carbon in pulp technologies achieved a new annual throughput record of 3.67 million tonnes, at an average feed grade of 1.37 g/t and average recovery of 94%.

This continues the steady increase in processing volumes through the mill, which produced 3.5Mt of ore in the previous year. The continued growth highlights the reliability of the Paddington Mill, and Norton's ability to provide stable delivery of suitable ore from its various open cut and underground mining operations.

Ore processing	Q1	Q2	Q3	Q4	Total
Ore milled (Kt)	892	971	914	902	3,679
Feed grade (g/t)	1.33	1.22	1.49	1.42	1.37
Recovery (%)	95%	94%	94%	94%	94%
Gold shipped (oz)	35,780	35,857	41,056	38,003	150,696
Average gold price (oz)	A$1,612	A$1,653	A$1,609	A$1,594	A$1,617

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mount morgan

Mount Morgan is a gold and copper tailings project, located 38km south-west of Rockhampton, Queensland.

Historically, Mount Morgan was in production from 1883 to 1981 and for a time was the largest gold mine in the world. Between 1981 and 1991, 28Mt of tailings was re-treated before operations were suspended due to low gold prices and high cyanide costs.

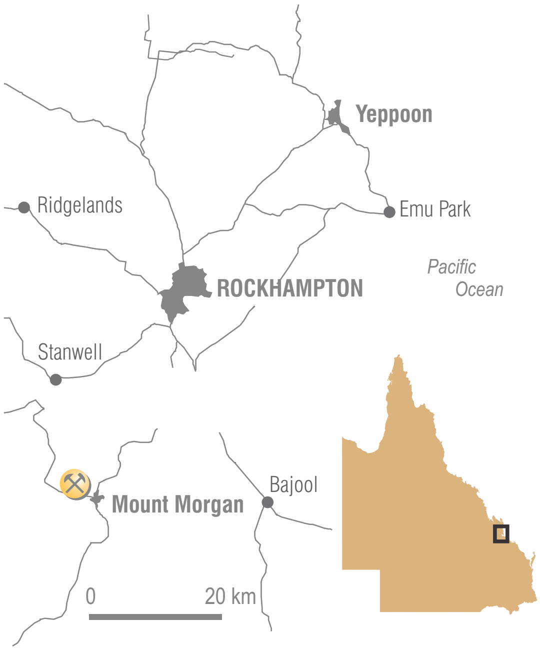
The Mount Morgan tenements include 30 mining leases of around 677 hectares, which are wholly owned by Norton. The Mount Morgan project was acquired by Norton in 2007.

Norton continues to consider options for this project, including divestment. A feasibility study undertaken by the company outlines a two-stage approach. Stage 1 involves the production of gold only and Stage 2 involves the addition of a flotation circuit and the production of gold and a pyrite concentrate with copper and gold credits.

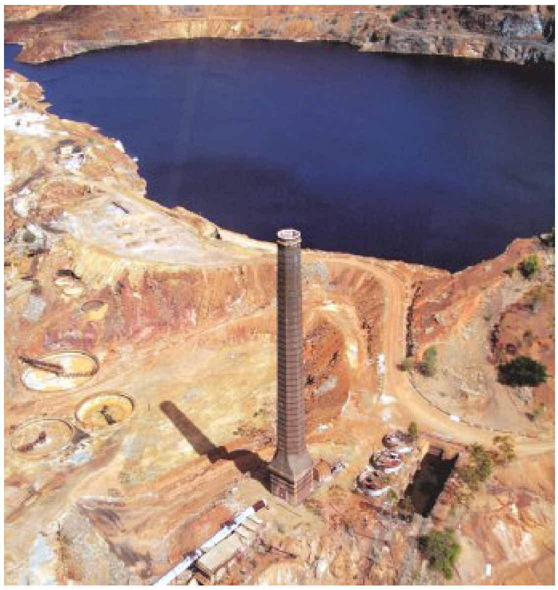
The Stage 1 plan involves relocating refurbished and reconfigured parts of the former Kundana mill, (acquired by Norton with the Paddington mine assets), from Kalgoorlie to Mount Morgan.

The plant capacity of 1Mtpa is considered readily achievable for tailings feed. Average annual production over a projected 12 year mine life would be ~25koz of gold.

The 12 year project life is based on a JORC compliant Indicated Resource of 2.49Mt @1.59 g/t Au and an Inferred Resource of 5.86Mt @1.07g/t Au. An additional mineral inventory of more than 4Mt is expected to be sourced from former mine waste material.



Mount Morgan: location map



Mount Morgan: stack at old open pit (courtesy of Qld Mines and Energy)

exploration and resource development

Overview

The Paddington Operations has tenements covering an area of 678km^2 within the world-class Kalgoorlie gold province (Figure 1). Proven and Probable Ore Reserves are 1.03Moz and are included in the Measured, Indicated and Inferred Mineral Resources of 6.03Moz. The multiple projects and prospects contained within the global resource inventory represent an extensive development pipe-line which will ultimately contribute to the long term Life of Mine Plan for Paddington.

Exploration

Norton's large tenement package and geological prospective location also present significant exploration opportunities which are being pursued by the Company.

Late in 2011, it announced a major exploration strategy to expand its mineral inventory and extend the life of its operations.This program includes an exploration spend of $37 million over a two year period, which commenced in January 2012. The program is targeting 300,000 ounces of new gold resources, after annual mining depletion and aims to convert 700,000 ounces from resource to reserve. The 300,000 ounces target is an Exploration Target as defined by clause 18 of the JORC Code. Target range for tonnage and grade is 6 – 15Mt @ 1.5 – 2.5g/t Au (300,000 – 1,200,000oz).

The program includes the first greenfields exploration undertaken by Norton since it acquired the Paddington Operations in 2007. The focus has previously been on upgrading resources at known deposits to support conversion to reserves. The tenement package remains highly prospective, particularly at depths below 100 metres, where very little drilling has been undertaken to date.

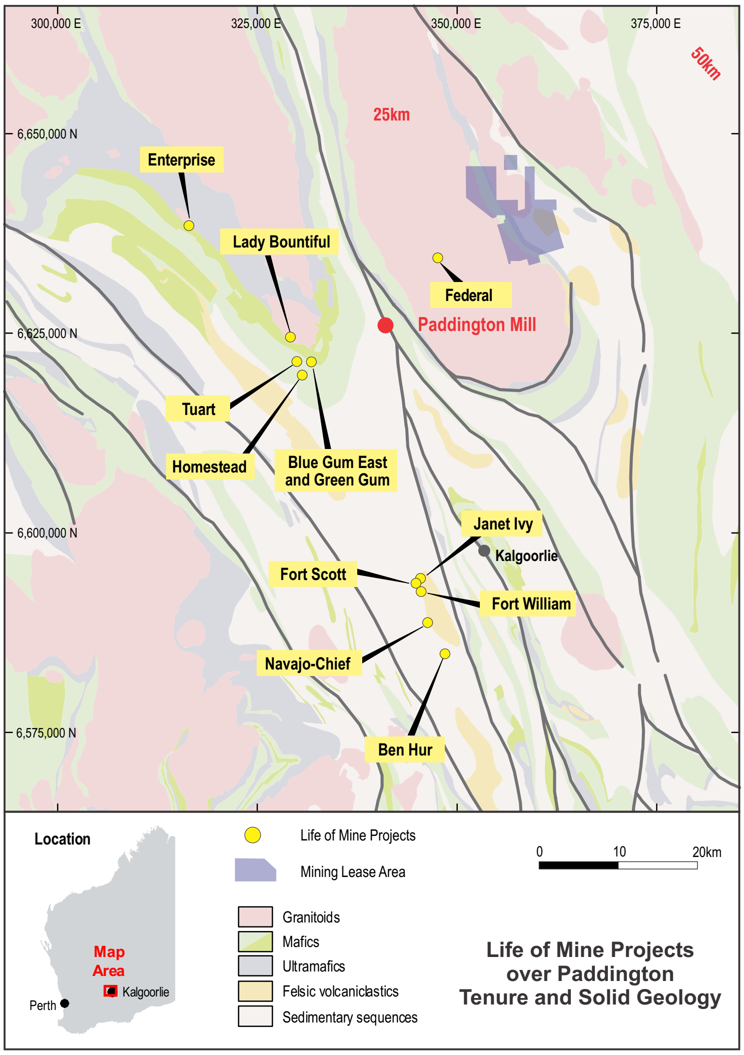


Figure 1: *Paddington tenure and gold projects*

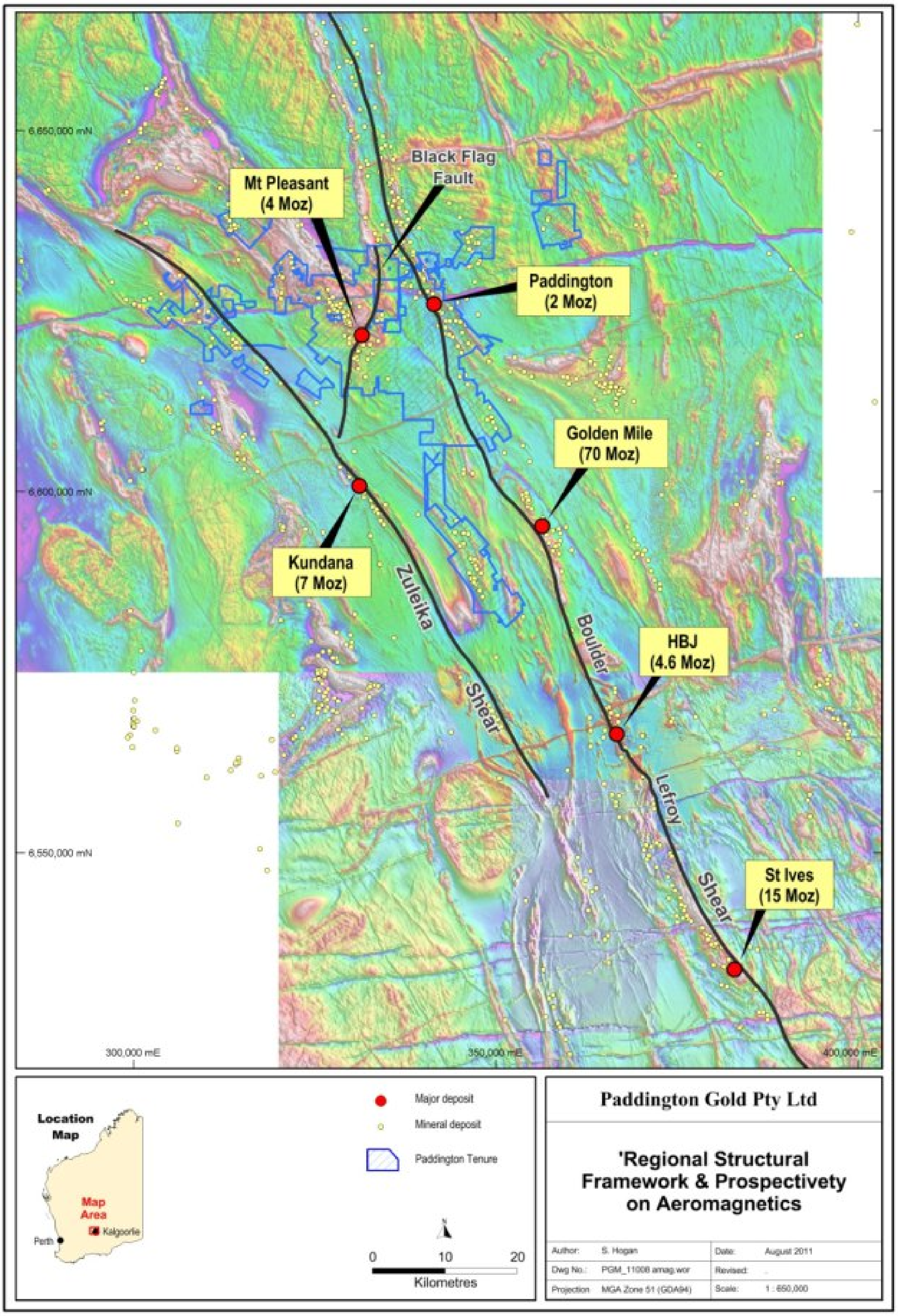


Figure 2: *Regional prospectivity - major mineralised structures relative to Paddington tenure*

Resource Development

The Paddington tenement package lies within an Archaean granite-greenstone terrain. Mineralisation is controlled by a number of regional geological structures (Figure 2), including the same structural corridors that host numerous other plus one million ounce deposits in the region.

Paddington's current mining projects are principally located within the southern Binduli (Kalgoorlie West) and the Mount Pleasant mine camp areas. Other significant areas of resource inventory include the Ora Banda (Enterprise) and Golden Cities camp areas. Documented resources in each project area are in Table 1.

The resource development strategy for the Paddington Operations is driven by the Life of Mine Plan which focuses on large, relatively long-term, base-load open pit deposits to supply the bulk of ore feed to the 3.7Mtpa Paddington processing plant. Lower grade open pit feed is supplemented by high grade underground ore, and relatively higher grade ores from smaller open cut mining

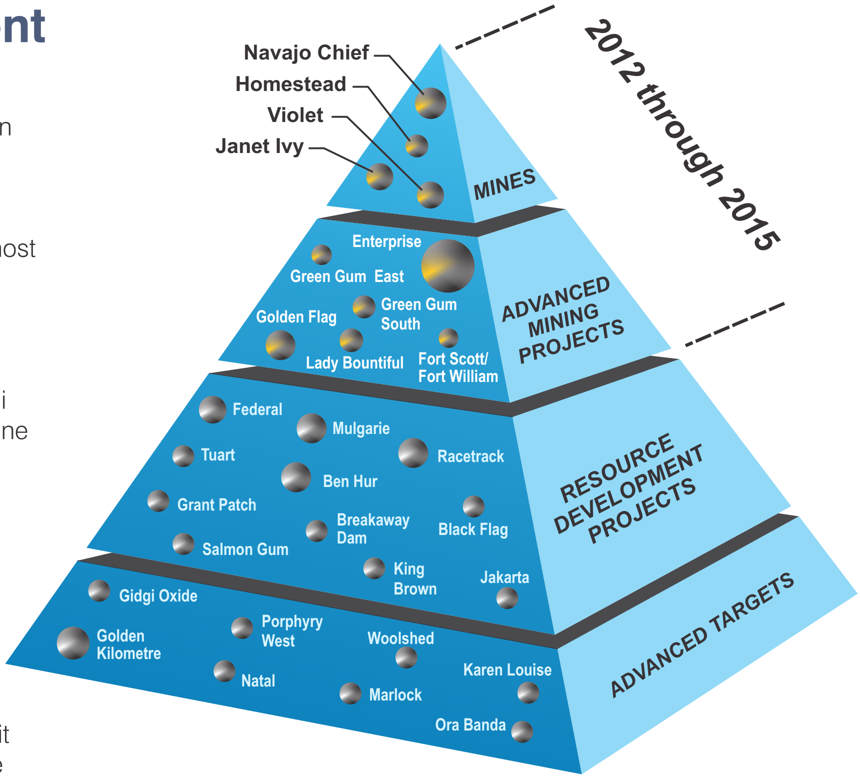


Figure 3: *Paddington project pipeline*

Resources available for potential base-load open pit projects include:

- Navajo Chief Low Grade (14,700,000t @ 0.50g/t Au for 280,000oz)
- Janet Ivy (13,600,000t @ 0.89g/t Au for 389,000oz)
- Enterprise (15,400,000t @ 2.10g/t Au for 1,037,000oz)
- Federal (6,700,000t @ 2.00g/t Au for 433,000oz)
- Ben Hur (9,300,000t @ 1.74g/t Au for 520,000oz)

The pipeline of high grade underground projects is focused around Homestead and the Mount Pleasant gold camp, where a number of small, high grade, open cut mining projects also occur.

Resources available for high grade underground projects include:

- Tuart (740,000t @ 6.00g/t Au for 142,000oz)
- Golden Kilometre (760,000t @ 4.17g/t Au for 102,000oz)

Table 1: Major project areas

Project	Mt	Au g/t	Ounces
Binduli (Kalgoorlie West)	58.5	1.03	1,937,000
Mount Pleasant	17.2	3.11	1,715,000
Ora Banda - Enterprise	15.4	2.1	1,037,000
Golden Cities	13.5	1.75	759,000
Lady Bountiful	4.79	1.75	235,000
Other	6.99	1.39	351,000
Total Mineral Resource	**116.5**	**1.61**	**6,034,000**

Apparent arithmetical errors due to rounding

Down-plunge extensions of the Enterprise deposit are also being evaluated for underground mining potential.

Base-load open cut, high grade underground and small open cut mining projects collectively establish a minimum ten year mine life at Paddington.

Key Deposits

Navajo Chief

The Navajo Chief open cut mine is located 39km south-west of the Paddington Mill, within the Binduli (Kalgoorlie West) Project area.

The Navajo Chief deposit incorporates three to four, parallel, north trending ore lodes within a broad structural corridor. Mineralisation is hosted by a sequence of north-west trending, steep west-dipping fine to coarse grained clastic sediments that have been pervasively altered. Mineralisation plunges shallowly to the south and remains open down-plunge at depth and along strike. Individual ore lodes dip moderately to the west. One of the more easterly lodes has been labelled the 'Main Lode' and comprises 75% of the total resource.

An Indicated and Inferred Mineral Resource estimate of 32.0Mt @ 0.82g/t Au (848,000oz) has been defined at a 0.5g/t Au ore cut-off grade. This total includes a higher grade component of 17.3Mt @ 1.02g/t Au (568,000oz) at a 0.7g/t Au ore cut-off grade. The global resource model covers a strike extent of 3km and extends to approximately 200m vertical depth. Current remaining Probable Ore Reserve is 1.89Mt @ 1.08g/t Au (66,000oz). Heap leach evaluation of the low grade resource is underway.

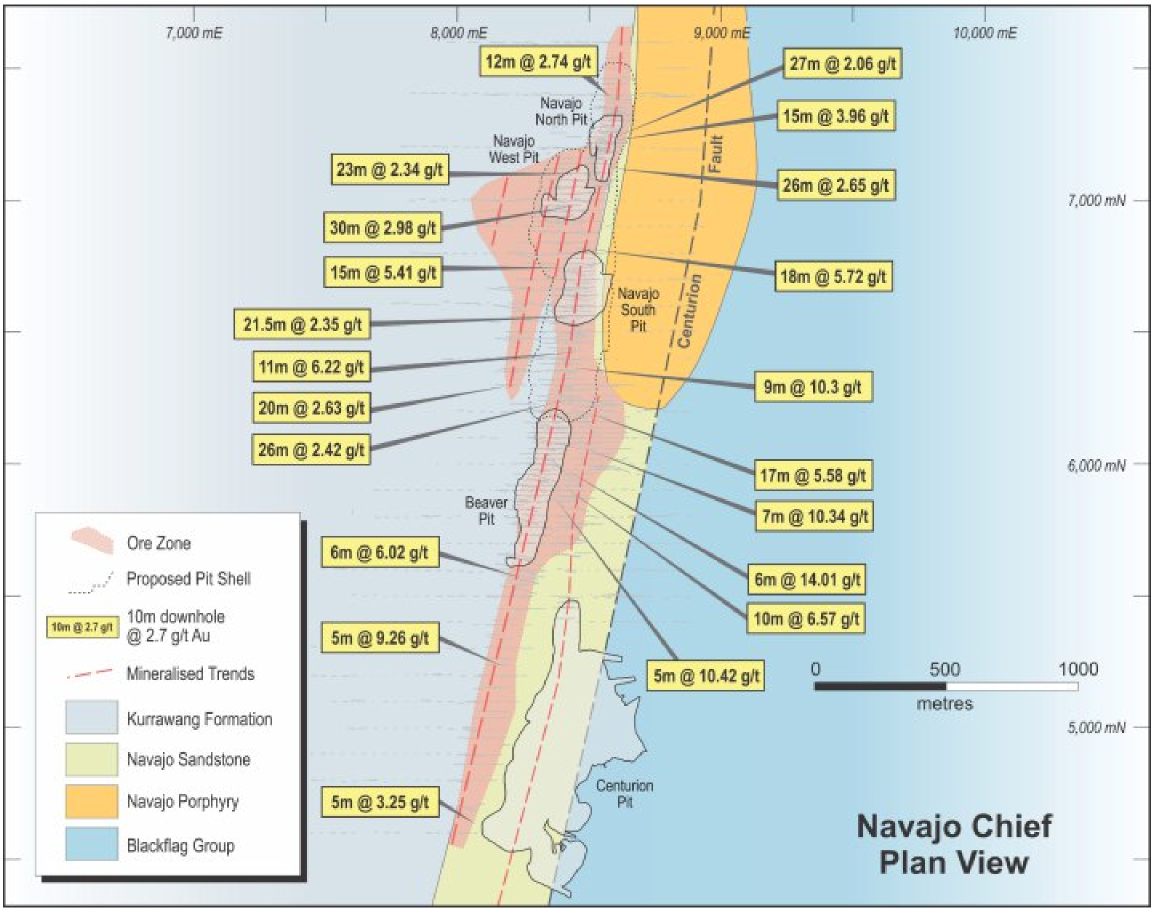


Figure 4: *Navajo Chief geology*

Homestead Underground

The Homestead underground mine is situated within the Mount Pleasant gold camp area, and is located 18km southwest of the Paddington Mill.

The deposit is composed of several high grade mineralised veins (Figure 5) hosted by mafic volcanic lithologies, and focused within, and adjacent to, a northerly trending, steep westerly dipping zone of ductile deformation known as the Homestead Shear Zone. The VN01 and VN03 mineralised veins lie within the Shear Zone, with VN03 situated immediately north of VN01 in a structurally offset position. Smaller, oblique cross-cutting mineralised veins include the east-west trending Phantom Vein, the Phantom 140 Vein and the newly identified Black Flag West Vein.

A Measured, Indicated and Inferred Mineral Resource estimate of 240,000t @ 18.7g/t Au (143,000oz) has been defined for all known mineralised veins at the Homestead Deposit, using a 3.5g/t Au cut-off grade, and depleted of mining to June 30, 2012. The Homestead resource total includes an inaugural Indicated and Inferred Mineral Resource estimate for the Black Flag West Vein comprising 19,000t @ 26.2g/t Au (16,000oz).

Mineralisation at Black Flag West remains open both up and down-dip and there is good potential to increase the resource with further drilling.

A Proven and Probable Ore Reserve of 170,000t @ 8.15g/t Au (45,000oz) has been defined at Homestead, not inclusive of the Black Flag West Vein where definition drilling is continuing.

The Homestead resource and reserve continue to be extended at depth by ongoing underground drilling programs.

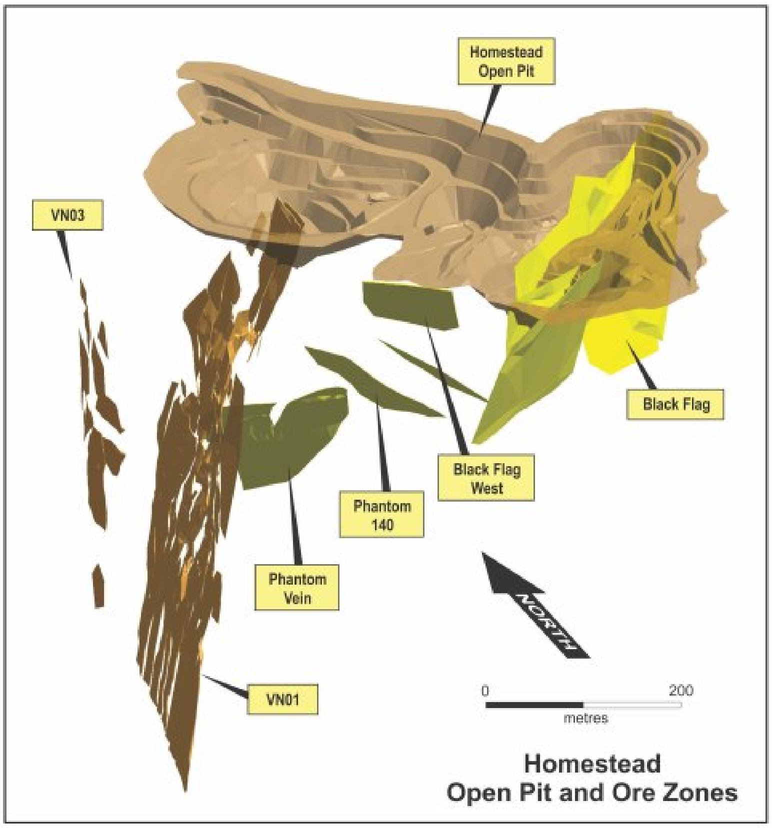


Figure 5: *Homestead deposit vein geometry*

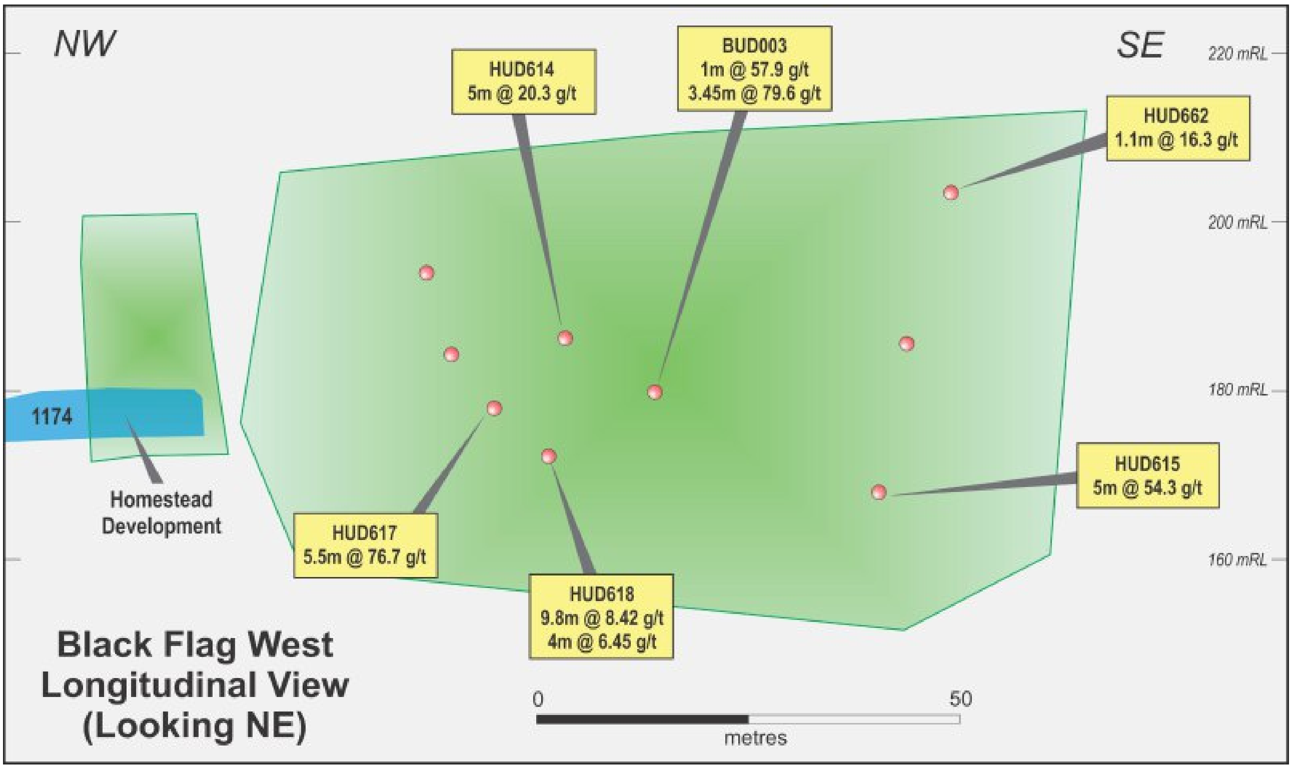


Figure 6: *Black Flag West - Schematic long section showing recent significant results (down-hole intercepts)*

Enterprise

The Enterprise deposit is located 38km north-west of the Paddington Mill, within the Ora Banda project area. Geological control on the Enterprise deposit comprises the intersection of an east-west trending structural corridor with a stratigraphically favourable south-west dipping dolerite sequence. Mineralisation is hosted by brecciated and pervasively altered dolerite material.

The main lode of mineralisation forms a broad, robust, plunging pipe, remaining open down-plunge to the west where drilling density diminishes.

An Indicated and Inferred Mineral Resource estimate of 15.4Mt @ 2.10g/t Au (1,037,000oz) has been defined at Enterprise. Both open cut and underground evaluation studies are currently in progress.

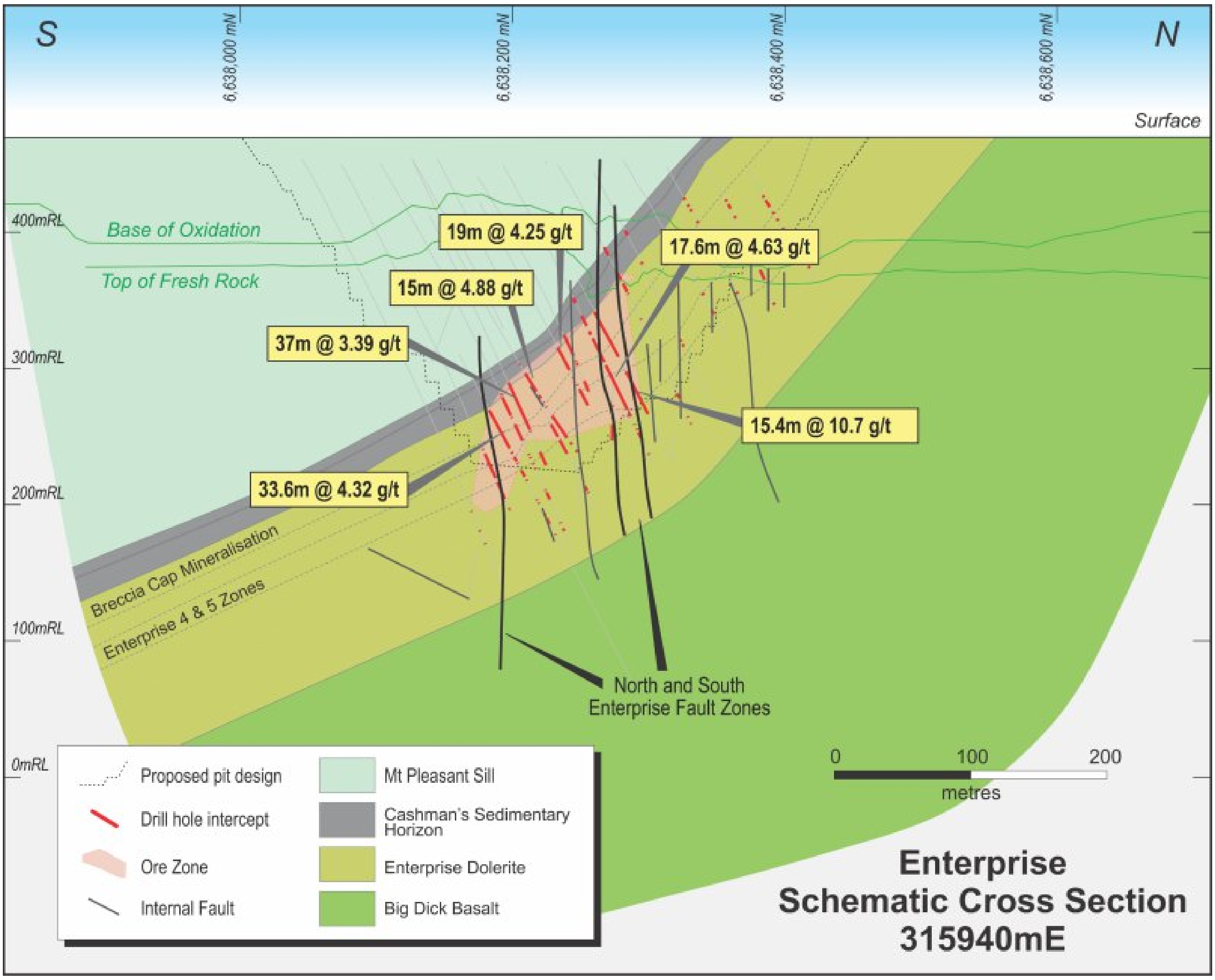


Figure 7: *Enterprise schematic cross section*

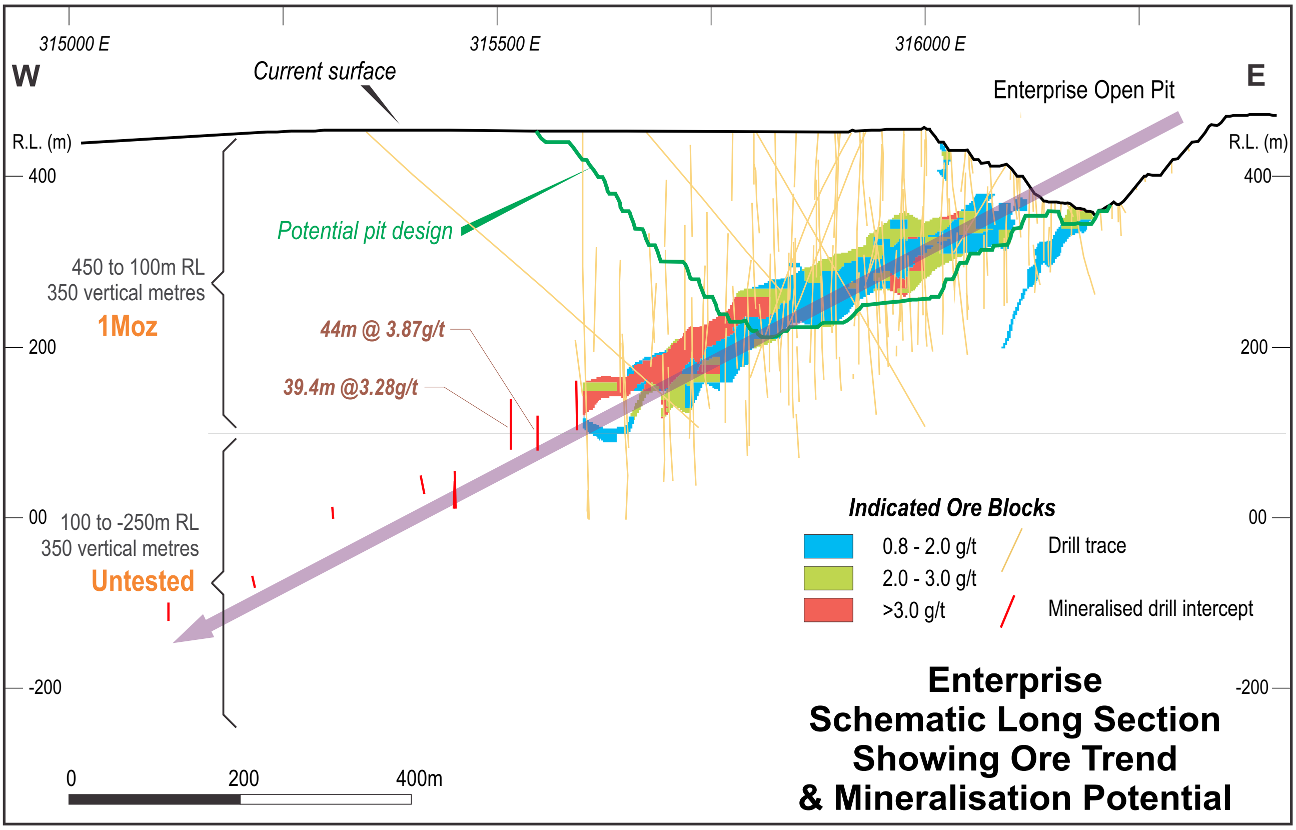


Figure 8: *Enterprise long section*

Janet Ivy

The Janet Ivy open cut mine is located 33km south of the Paddington Mill, at the northern end of the Binduli (Kalgoorlie West) Project area.

The Janet Ivy deposit is a broad, strike extensive zone of mineralisation contained within a felsic porphyry intrusive. Mineralisation is controlled by a vein stockwork zone, individual fault controlled veins, and pervasive wallrock alteration of the porphyry. Significant mineralisation extends over a 1.3km strike extent, and to an average vertical depth of 130 – 150m from surface. Mineralisation remains open along strike and at depth.

At a 0.5g/t Au ore cut-off grade, Janet Ivy contains a global Indicated and Inferred Mineral Resource estimate of 13.6Mt @ 0.89g/t Au (389,000oz). The mineral resource is sub-divided into a higher grade component at a 0.6g/t Au ore cut-off grade comprising 10.3Mt @ 1.00g/t Au (331,000oz), and a lower grade component at the 0.5 - 0.6g/t Au grade range comprising 3.31Mt @ 0.55g/t Au (58,000oz).

The lower grade mineral resource captures additional material that may be amenable to a heap leach evaluation. A remaining Probable Reserve of 5.05Mt @ 1.02g/t Au (165,000oz) has been defined as a mill-only scenario (not inclusive of any heap leach potential).

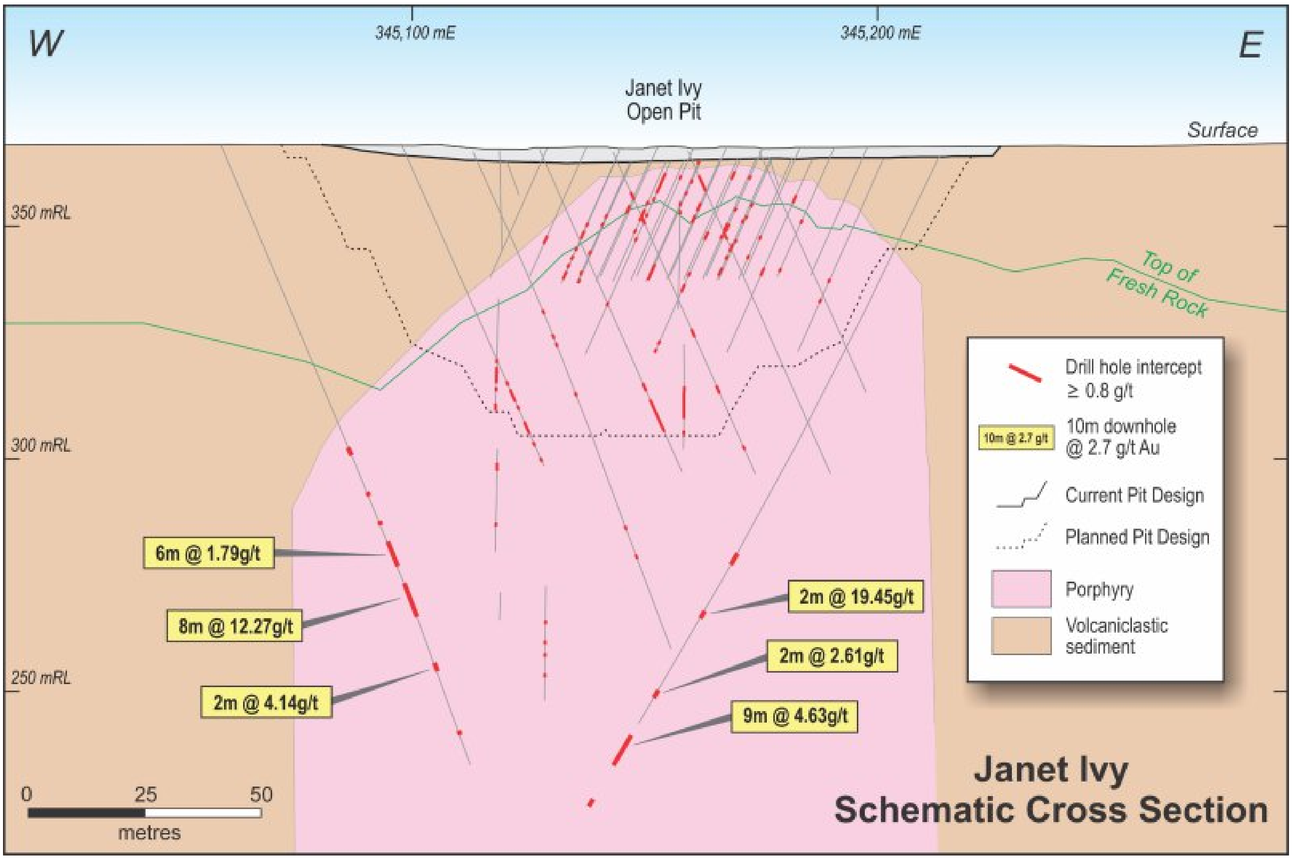


Figure 9: *Navajo Chief geology*

Federal

The Federal deposit is situated within the Golden Cities Project area, comprising a group of granite-hosted deposits located 15km to the north-east of the Paddington Mill. Federal contains an Indicated and Inferred Resource of 6,700,000t @ 2.00 g/t Au (433,000oz).

In addition to base-load open cut potential, the Federal deposit also contains some potential for a high grade underground resource in several north-plunging mineralised shoots. Additional drilling is required to delineate high grade mineralised areas.

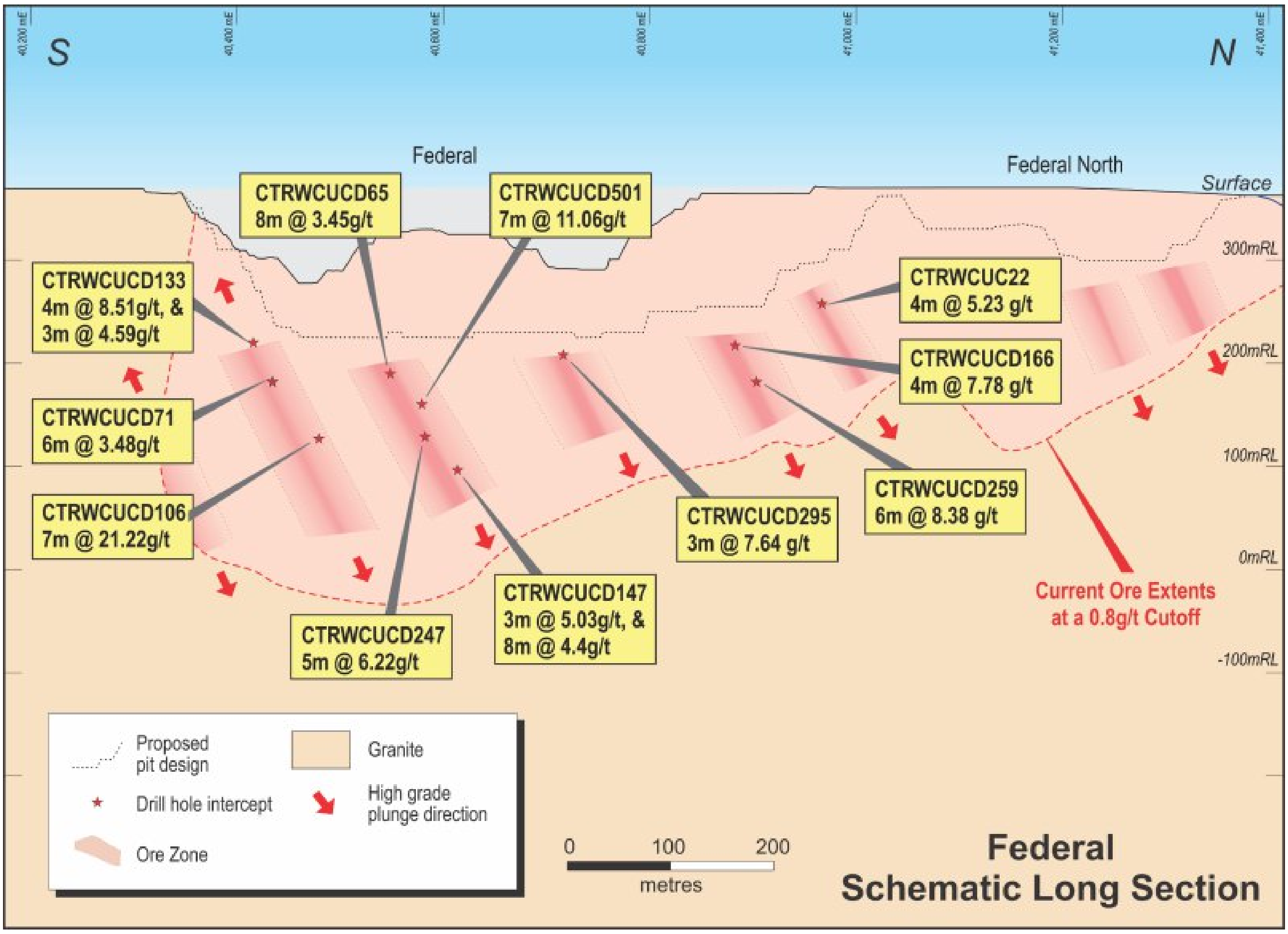


Figure 10: *Federal deposit long section*

Paddington Resource Statement Ore Reserve (30 June 2012)

	Proven			Probable			Total Reserve		
Project	Mt	g/t	Oz	Mt	g/t	Oz	Mt	g/t	Oz
Enterprise				5.55	2.52	450,000	5.55	2.52	450,000
Janet Ivy				5.05	1.02	165,000	5.05	1.02	165,000
Green Gum				0.58	2.52	47,000	0.58	2.52	47,000
Homestead	0.09	9.20	26,000	0.09	7.12	19,000	0.17	8.15	45,000
Navajo Chief				1.89	1.08	66,000	1.89	1.08	66,000
Rose West - Violet				0.60	1.13	22,000	0.60	1.13	22,000
Golden Flag				0.26	2.50	21,000	0.26	2.50	21,000
Federal				1.73	1.88	105,000	1.73	1.88	105,000
Mulgarie				0.64	3.53	73,000	0.64	3.53	73,000
Stockpiles	1.01	0.79	26,000	0.67	0.68	15,000	1.67	0.74	40,000
Total reserves	**1.10**	**1.46**	**51,000**	**17.1**	**1.79**	**983,000**	**18.2**	**1.77**	**1,034,000**

Apparent arithmetical errors due to rounding

Paddington Resource Statement: Mineral Resource (includes Ore Reserve) (30 June 2012)

	Measured			Indicated			Inferred			Total Resource		
Project	Mt	g/t	Oz	Mt	g/t	Oz	Mt	g/t	Oz	Mt	g/t	Oz
Havana				4.29	1.69	233,000	0.26	1.73	14,000	4.55	1.69	247,000
Enterprise				10.3	2.27	749,000	5.10	1.75	287,000	15.4	2.10	1,037,000
Mulgarrie				1.05	3.22	109,000	0.44	2.72	39,000	1.49	3.07	147,000
Federal				3.74	1.92	231,000	2.99	2.10	202,000	6.73	2.00	433,000
Golden Flag				0.43	2.10	29,000	0.33	1.92	20,000	0.76	2.02	49,000
Mount Pleasant				2.81	2.42	219,000	8.47	2.95	803,000	11.3	2.82	1,021,000
Rose West - Violet				0.77	1.10	27,000	0.03	0.78	800	0.80	1.09	28,000
Natal							0.38	2.46	30,000	0.38	2.46	30,000
Janet Ivy				6.37	0.97	199,000	3.93	1.05	132,000	10.3	1.00	331,000
Janet Ivy Low Grade				2.00	0.55	35,000	1.32	0.55	23,000	3.31	0.55	58,000
Jakarta				1.77	1.15	65,000	0.42	1.02	14,000	2.19	1.13	79,000
Green Gum				2.01	2.53	163,000	0.21	5.11	35,000	2.22	2.78	198,000
Homestead UG	0.05	23.6	40,000	0.09	18.8	55,000	0.09	16.0	48,000	0.24	18.7	143,000
Golden Kilometre							0.76	4.17	102,000	0.76	4.17	102,000
Tuart UG							0.74	6.00	142,000	0.74	6.00	142,000
Lady Bountiful Extension				2.82	1.72	156,000	1.43	1.73	79,000	4.25	1.72	235,000
Fort William				0.23	2.20	16,000	1.78	1.26	72,000	2.00	1.37	88,000
Fort Scott				0.32	2.08	21,000	0.13	1.26	5,000	0.45	1.84	27,000
Navajo Chief				14.2	1.01	458,000	3.17	1.08	110,000	17.3	1.02	568,000
Navajo Chief Low Grade				12.0	0.59	229,000	2.67	0.59	51,000	14.7	0.59	280,000
Apache							0.63	1.67	34,000	0.63	1.67	34,000
Ben Hur (1,2,3)				3.60	1.20	139,000	5.68	2.08	381,000	9.29	1.74	520,000
Pitman South							0.10	2.20	7,000	0.10	2.20	7,000
Walsh & Walsh North							0.42	1.77	24,000	0.42	1.77	24,000
Matts Dam							0.34	1.47	16,000	0.34	1.47	16,000
Porphyry				1.66	1.09	58,000	0.68	1.25	27,000	2.34	1.14	85,000
Liberty West							0.54	1.94	34,000	0.54	1.94	34,000
Stockpiles	1.01	0.79	26,000	0.67	0.68	15,000	1.37	0.65	28,000	3.04	0.70	69,000
Total Mineral Resource	**1.06**	**1.92**	**66,000**	**71.0**	**1.40**	**3,207,000**	**44.4**	**1.93**	**2,761,000**	**116.5**	**1.61**	**6,034,000**

Apparent arithmetical errors due to rounding issues

Competent Persons Statement

The information in this report that relates to Mineral Resources is based on information compiled by Peter Ruzicka and Andrew Bewsher. The information in this report that relates to Mineral Reserves is compiled by Ian Paynter, Cullum Winn and Allan Cooper. Exploration drilling results have been compiled by Peter Ruzicka. In some instances material relating to historical resource models is reported, these models have been reviewed and validated by Peter Ruzicka.

Cullum Winn, Ian Paynter, Peter Ruzicka and Allan Cooper are members of the Australasian Institute of Mining and Metallurgy. Cullum Winn, Ian Paynter and Peter Ruzicka are all full-time employees of Norton Gold Fields Limited. Andrew Bewsher is a member of the Australian Institute of Geoscientists and a full-time employee of BM Geological Services PL, a consulting group to Norton Gold Fields Limited. Allan Cooper is a full-time employee of Snowden Mining Industry Consultants, a consultant group to Norton Gold Fields Limited.

Messrs. Ruzicka, Winn, Paynter, Bewsher and Cooper all have sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this report, and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Ruzicka, Cullum Winn, Ian Paynter, Andrew Bewsher and Allan Cooper all consent to the inclusion in this report of matters based on their information in the form and context in which it appears.

annual financial report

2012

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Directors' report

In accordance with a resolution of the board, the directors present their report on the consolidated entity (the group) consisting of Norton Gold Fields Limited ("Norton" or "the company") and the entities it controlled at the end of or during the year ended 30 June 2012.

Directors

The following persons were directors of Norton Gold Fields Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

J. Chen (appointed as non-executive director and elected as chairman on 3 August 2012)

D. Chen (appointed executive director on 3 August 2012)

H. Xu (appointed as non-executive director on 3 August 2012)

A. Timothy Prowse

A. Bi

W. Andrè Labuschagne (resigned as managing director on 3 August 2012)

A. Wu (resigned as non-executive director on 3 August 2012)

X. Zeng (appointed as non-executive director on 16 September 2011 and resigned on 3 August 2012)

M. Wheatley (resigned as chairman and non-executive director on 20 July 2011)

Principal activities

During the year, the principal continuing activities of the group consisted of:

- production of gold and exploration in the West Australian Gold Fields near Kalgoorlie
- investigating business development opportunities.

Business strategies and prospects for the future

Norton Gold Fields Limited is one of the largest Australian Securities Exchange (ASX) listed Australian focussed gold producers and holds a 678km^2 tenement package in the world class Kalgoorlie Gold Province (Australia).

In the financial year the company produced 150,696oz of gold from its Paddington Gold operations near Kalgoorlie, Western Australia.

Norton Gold Fields Limited intends to be increasingly recognised as a company people want to work for, do business with and own. This will be the result of:

- excellent operational performance;
- clear, credible strategy being well implemented;
- growth demonstrated in the past and planned for in the future;
- strong financial position;
- board and management of high capability and highest credibility; and
- a fully informed market.

Norton Gold Fields Limited's growth will come from acquiring, developing and operating assets where it can create value.

Review of operations

Corporate

In July 2011, the company executed a Subscription Agreement with Zijin Mining Group Co., Ltd (Zijin) for the private placement of 138,350,000 shares at a price of $0.20 per share. The placement was issued in two tranches consisting of 72,100,000 shares issued in July 2011 and 66,250,000 shares issued in September 2011, raising $27.620 million. The funds raised from the placement together with the company's cash reserves were used to reduce the company's debt facility with Merrill Lynch International by making a voluntary, penalty free, prepayment of $30.000 million.

On 3 November 2011, the company's board approved a two year, $37.000 million exploration and resource development program commencing in January 2012.

In March 2012 the company received tranche 2 ($5.000 million) from the Coal asset sale which occurred in the previous financial year, and opted to make a further voluntary repayment on its debt facility with Merrill Lynch.

On 3 April 2012 the company received an indicative takeover proposal from Zijin. This was subsequently formalised through a Bid Implementation Agreement on 31 May 2012. Under the takeover offer shareholders received $0.25 cash per share. In addition, the company declared a special dividend of $0.02 with no subsequent reduction in the offer price. The formal takeover offer (Bidder's Statement) was despatched to shareholders subsequent to year end. Please refer to the subsequent events note for further detail.

Paddington operations

Paddington operates open cut and underground mining activities and incorporating conventional carbon-in-pulp (CIP) techonologies with the capacity to process over 3.7 Mt of ore annually.

Open cut

Mining continued at the "base load" Navajo Chief open cut mine. Navajo Chief is 39 km south-west of the mill and 10 km south-west of Kalgoorlie. The operation commenced production in January 2011 and produces a combination of hard and soft ore, delivering 101koz at 0.98 g/t of gold during the financial year.

Blue Gums East (Blue Gums), a small open cut mining project commenced pre-stripping in the first quarter with ore mining being completed during the third quarter, delivering 29koz at 2.44 g/t of gold. The Blue Gums deposit is located 17km south-west of the mill and 30km north-west of Kalgoorlie.

Mining at Janet Ivy resumed during November to supplement feed to the mill on a short-term basis, delivering 6koz at 0.82 g/t of gold to the mill. Janet Ivy is 33 km south of the mill and 10 km west of Kalgoorlie and delivers base-load hard ore. In January 2012 the operations were suspended, with the operation available for mining should further ore be required to supply the mill.

Underground

During the year, mining continued at the company's Homestead underground mine, which commenced production in July 2010. The Homestead underground mine is part of the Mount Pleasant Gold Camp, 18 km's south-west from the Paddington mill, and 35 km's north-west of Kalgoorlie. It delivered 39koz at 7.19 g/t during the financial year.

Processing

The Paddington Mill processed record annual throughput during the financial year of 3.7 Mt at an average feed grade of 1.37 g/t and average recovery of 94%.

Operating results

The consolidated profit of the group after tax for the year ended 30 June 2012 is $11.828 million (2011: $13.142 million).

The profit for the period includes:

- gold sales revenue of $244.858 million
- gross profit of $44.412 million
- profit before tax $19.964 million

Financial position of the entity

Net assets of the group have increased from $112.868 million at 30 June 2011 to $164.088 million at 30 June 2012, reflecting in part the reduction of the company's debt position during the financial year, an increase in cash held and a strong operational performance, as explained in the review of operations.

Dividend

The directors do not recommend payment of a dividend, except as noted below. No dividend was paid during the current and prior years.

Significant changes in the state of affairs

Apart from the above, or as noted elsewhere in this report, no significant changes in the state of affairs of the group occurred during the financial year.

Matters subsequent to the end of financial year

On 1 August 2012 Jinyu (H.K.) International Mining Company Limited ("Jinyu"), a wholy owned subsidiary of Zijin Mining Group Co., Ltd, notified the company that it had obtained a relevant interest in 47.27% of Norton shares. As a result of Jinyu obtaining a relevant interest in greater than 45% of Norton's shares, a change on control provision was triggered with the company's secured debt facility with Merrill Lynch, requiring Norton to redeem the entire amount outstanding plus pay a 5% early repayment premium. The company repaid the debt using existing cash reserves and a new $38.000 million unsecured loan facility provided by Jinyu.

On 2 August 2012 Jinyu notified the company that it has received acceptances for its off-market takeover (offer) for the company such that it held, at that time, a relevant interest in 48.29% of Norton shares and declared the offer free of all defeating conditions.

On 3 August 2012 the company announced and declared a special dividend of $0.02 per share in connection with the off-market takeover made by Jinyu. The $0.02 dividend declared is unfranked with a record date of 15 August 2012 and payment date of 24 August 2012.

On 3 August 2012, Jinyu advised that Zijin had obtained a relevant interest in 58.83% of Norton shares.

On 3 August 2012 a restructure of the Norton Board was announced. Mr Andrè Labuschagne stepped down as Managing Director, Dr Allen Wu and Mr Xianhui Zeng resigned as non-executive directors. Mr Jinghe Chen was appointed non-executive Chairman, Dr Diamin Chen was appointed Executive Director and Mr Hanjing Xu was appointed non-executive director.

On 20 August 2012 upon the official closing of the offer, Zijin had obtained an 89.15% shareholding in the company.

On 21 August 2012, Mr Andre Labuschagne, Chief Executive Officer, and Mr Robert Brainsbury, Chief Financial Officer and Co-Company Secretary left the company and Dr Diamin Chen was appointed Managing Director and Chief Executive Officer and Dané van Heerden appointed acting Chief Financial Officer.

Except for the matters mentioned above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the group, the result of those operations, or the state of affairs of the group in future financial years.

Likely developments and expected results from operations

Future developments and business strategies of the group will be as follows:

- strong focus on and continuous improvement of environment, health and safety;
- focus on improving operational performance and productivity;
- continue active exploration to further increase ore reserves and mineral resources;
- introduction of new processing technologies to better utilise low grade ore and reduce unit operating costs; and
- maintain strong relationships with local community and other key stakeholders.

Environmental regulation

The group's projects operate under granted Environmental Authorities issued under the Environmental Protection Act 1994 in Queensland and the Environmental Protection Act 1986 and the Mining Act 1978 in Western Australia (Department of Mines and Petroleum). The group maintains its tenements in good standing and it is not aware of any material non-compliance issues.

National Greenhouse and Energy reporting guidelines

The group is subject to the conditions imposed by the registration and reporting requirements of the National Greenhouse and Energy Reporting Act 2007 (the 'NGER Act'), and is registered with the Greenhouse and Energy Data Office.

The group is required to report on its greenhouse gas emissions and the energy usage of certain mining facilities (as determined in accordance with the NGER Act) if it has emitted in excess of 25 kt of greenhouse gases during the financial year. The group has exceeded the corporate threshold and is therefore required to report on total greenhouse gas emissions or energy consumption/production of the group.

The group has complied with the reporting requirements under the NGER Act. The group established and implemented the necessary systems and processes to facilitate the collection, calculation and interpretation of data regarding the greenhouse gas emissions and energy consumption/production of the group.

Energy Efficiency opportunities guidelines

The group is subject to the conditions imposed by the registration and reporting requirements of the Energy Efficiency Opportunities Act 2006, as its energy consumption exceeds the 0.5 peta joule registration threshold. The group is registered with the Department of Resources, Energy and Tourism and completed an energy savings action plan. The schedule assists in assessing the energy usage of the group and identifies opportunities for the group to reduce its energy consumption. The 2012 report is due to be submitted by 31 December 2012.

Information on directors

J. Chen
Non-executive Chairman (appointed 3 August 2012) Age 55

Experience and expertise
Mr Chen graduated from Fuzhou University with a bachelor's degree in geology and obtained an EMBA degree. He is a professor grade senior engineer, a specialist who enjoys special allowance from the State Council, a delegate to the 10th People's Congress of Fujian Province and the vice president of China Gold Association. Mr Chen has been the chairman of Zijin since 2000. From August 2006 to November 2009, he also served as the president of Zijin.

Directorships of other listed companies - current:
Zijin Mining Group Co., Ltd

Directorships of listed companies - past three years:
None

Special responsibilities
Chairman – appointed on 3 August 2012
Remuneration committee member – appointed on 21 August 2012

Interests in shares and options
None

Dr D. Chen
Managing director (appointed as an Executive Director 3 August 2012 and Managing and Chief Executive Officer on 21 August 2012) Age 54

Experience and expertise
Dr. Chen holds a degree of Bachelor of Science in Mining Engineering from the Central South University of China and a PhD in Mining Geomechanics from the University of Wollongong of Australia.

After obtaining his B.Sc. in 1982, Dr. Chen worked as a mining engineer in China. Dr. Chen joined Northparkes Mines of Rio Tinto in Australia in 1994. He was with Barrick Gold Corporation for 10 years working progressively to senior roles in various projects and operations in Australia. Subsequently, Dr. Chen was the Deputy General Manager and then the Executive Director and General Manager in Sino Jinfeng Mining Ltd, a subsidiary of Sino Gold Corporation (now Eldorado Gold Corp) from 2007 to 2009, where he was responsible for all aspects of mining operations and management for the Jinfeng Gold Mine located in Guizhou Province, China. In 2009, Dr. Chen was the Chief Operating Officer of CITIC Pacific Mining Management Ltd, in which he was responsible for the development of a large magnetite iron ore mine in Western Australia. Dr. Chen was the Vice President of Operations at Minco Silver Corporation in 2010. Prior to joining Norton, Dr. Chen was the Executive Director and Chief Executive Officer of CaNickel Mining Limited.

Directorships of other listed companies - current:
None

Directorships of listed companies - past three years:
None

Special responsibilities
Managing director

Interests in shares and options
None

Information on directors (continued)

A. Timothy Prowse
Non-executive director Age 55

Experience and expertise
Mr Prowse graduated from Sydney University with a degree in Mining Engineering in 1978 and is a Member of the Australian Institute of Mining and Metallurgy. He has over 30 years' experience in the industry, primarily in gold mining. He also has broad experience in coal and base metals.

Mr Prowse holds a First Class South African Mine Manager's Certificate and has worked in Australia, Indonesia, Papua New Guinea, Zimbabwe and South Africa. He has contracted to Australian and overseas mining companies regarding feasibility studies, mine management and rehabilitation. Over the 15 years prior to the listing of the company, he operated a private mining and earthmoving contracting business based in the Burnett area of central Queensland.

Directorships of other listed companies - current:
None

Directorships of listed companies - past three years:
Australian Pacific Coal Limited from 1 December 2010 until 29 June 2011

Special responsibilities
Audit and risk management committee member
Remuneration committee member
Chairman of remuneration committee – appointed 21 August 2012
Chairman of Norton Board – stepped down on 3 August 2012

Interests in shares and options
None

Interests in shares and options
None

Information on directors (continued)

H. Xu
Non-executive director (appointed 3 August 2012) Age 59

Experience and expertise
Mr Xu graduated from Chengdu Electronic Sciences University, Chengdu, China. Mr Xu has more than 25 years of experience in the natural resources industry. Mr Xu has worked in Chinese state-owned conglomerates and internationally listed mining companies, including the role of President of the Australian branch office of China National Nonferrous Metals Import and Export Corporation (CNIEC) between 1989 and 1995, Deputy President and President of CNIEC between 1995 and 1999, Executive Director of Sino Gold Ltd between 1999 and 2009 and Managing Director of Eldorado Gold China between 2009 and 2010. Mr Xu is currently a director of Bligh Resources Ltd, a visiting professor of the Central South University of China, and a Fellow Member of the Specialist Committee of China Nonferrous Metals Association.

Directorships of other listed companies - current:
Bligh Resources Limited
Admiralty Mining NL

Directorships of listed companies - past three years:
None

Special responsibilities
Audit and risk management committee chairman – appointed 21 August 2012
Remuneration committee member – appointed 21 August 2012

A. Bi
Non-executive director Age 47

Experience and expertise
Ms Bi has a Bachelor's Degree in Business from the Nanjing Institute, China.

Ms Bi is a successful company director and entrepreneur with more than 20 years' experience in investment and business. Over the last 5 years Ms Bi has been involved in the development of commercial and residential property projects in Australia in excess of $300.000 million, in addition to being involved in a series of cornerstone investments in the resources sector - including Norton Gold Fields.

Ms Bi has extensive philanthropic interests.

Directorships of other listed companies - current:
None

Directorships of listed companies - past three years:
None

Special responsibilities
Member of the audit and risk management committee
Member of remuneration committee (resigned 21 August 2012)

Interests in shares and options
None

Information on directors (continued)

W. Andrè Labuschagne
Managing director (resigned as Managing Director on 3 August 2012) Age 45

Experience and expertise
Mr Labuschagne is an experienced mining executive, with a career spanning more than 20 years, primarily in the gold industry.

He has worked in South Africa, PNG, Fiji and Australia in various operational and corporate executive roles for some of the world's leading gold companies, including Emperor Gold Mines, DRD Gold and AngloGold Ashanti.

Mr Labuschagne ran his own successful mining consultancy before joining the company in 2008. Prior to his appointment as the company's managing director in September 2010, he held a number of executive roles in the company including project director for the Mount Morgan tailings project, chief operating officer, chief financial officer and deputy chief executive officer.

Mr Labuschagne holds a Bachelor of Commerce degree from Potchefstroom University in South Africa.

Directorships of other listed companies - current:
None

Directorships of listed companies - past three years:
None

Special responsibilities
Managing director until resignation date of 3 August 2012

Interests in shares and options
None

A. Wu
Non-executive director (resigned on 3 August 2012) Age 59

Experience and expertise
Dr Wu has a Ph.D. in Economics from the Sam Walton School of Business at the University of Arkansas, Fayetteville, USA. He is a US citizen and holds a Masters Degree in International Finance from the Research Institute of Finance and Banking of the People's Bank of China, Beijing, China, and a Bachelor Degree in Economics from the Jilin University, Changchun, China.

Dr Wu has worked in the United States for many years in numerous industries and in a variety of roles including; policy analysis, corporate finance, international business, product development and project management.

He is employed by China Precious Metal Resources Holdings Ltd, a major shareholder of Norton, as a project manager and is responsible for corporate strategic development and business analysis.

Directorships of other listed companies - current:
None

Directorships of listed companies - past three years:
None

Special responsibilities
None

Interests in shares and options
None

Information on directors (continued)

M. Wheatley
Chairman - Non-executive independent director (resigned on 20 July 2011) Age 51

Experience and expertise
Mr Wheatley holds a Bachelor of Chemical Engineering degree (Class 1 Hons) and a Master of Business Administration degree specialising in finance.

His career over 30 years has included 17 years with BHP, where he was involved in technical, commercial, planning and business development roles. This was followed by three years at Bankers Trust Australia Limited, in project finance, risk management and relationship management.

Later Mr Wheatley served for three years with Gold Fields Limited where he was responsible for corporate development, serving extended periods as acting managing director prior to the merger with Delta Gold Limited to create Aurion Gold Limited. Aurion Gold Limited was acquired by Placer Dome Inc in 2002.

Mr Wheatley then served as CEO, and later as chairman, of Southern Cross Resources Inc., a Toronto Stock Exchange-listed uranium miner, which merged to become Uranium One Inc. Mr Wheatley continued as non-executive director of Uranium One Inc until the end of 2010, and is non-executive chairman of Gold One International Limited. He also served as a non-executive director of St Barbara Limited for a number of years.

Directorships of other listed companies - current:
Gold One International Limited (non-executive director and chairman)

Directorships of listed companies - past three years:
Uranium One Inc (non-executive director) until December 2010

Special responsibilities
Chairman of the board until resignation on 20 July 2011
Audit and risk management committee member until his resignation on 20 July 2011

Interests in shares and options
None

X. Zeng
Non-executive director (resigned on 3 August 2012) Age 55

Experience and expertise
Mr Zeng is a senior geology engineer, and has over 30 years' industry experience. For his achievements in geological work, he was awarded State Council specialist allowance.

Mr Zeng is currently working for Zijin Mining Group Co., Ltd, a tier one Chinese gold and base metal mining company, as the Chief Geologist with accountability for exploration activities. He has held a number of senior operational and technical roles since joining Zijin in 1995.

Directorships of other listed companies - current:
None

Directorships of listed companies - past three years:
None

Special responsibilities
None

Interests in shares and options
None

Company Secretary

The company secretary is Ms Leni Stanley CA, B. Com. Ms Stanley is currently a partner with a Chartered Accounting firm and holds the office of company secretary with various companies.

Co-company secretary is Mr Robert Brainsbury CPA, B. Bus. Mr Brainsbury is a qualified accountant with over 20 years' experience in the mining industry. Mr Brainsbury resigned as Co-company secretary on 21 August 2012.

Meetings of directors

Each director attended the following board, committee and technical meetings during the year as a member of the board or relevant committee:

	Board Meetings		Audit and Risk Management		Remuneration committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
T. Prowse	26	26	3	3	5	5
A. Labuschagne	26	26	-	-	-	-
A. Bi	26	26	3	3	5	5
A. Wu	24	24	-	-	-	-
X. Zeng	10	7	-	-	-	-

Remuneration report (audited)

This remuneration report, set out under the following main headings, has been audited as required by section 308 (3C) of the *Corporations Act 2001* and comprises pages 39 to 49:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation

A. Principles used to determine the nature and amount of remuneration

The board of directors is responsible for determining and reviewing compensation arrangements for the directors and senior executives.

Directors and key management personnel

For 2012 the key management personnel of the group were the directors of Norton Gold Fields Limited, including the managing director (W. Andrè Labuschagne) and those executives that report directly to the managing director being:

Robert Brainsbury (Chief Financial Officer and Co-Company Secretary)
Ian Sheppard (General Manager Technical and Business Development, commenced 9 January 2012)
Terence Moylan (General Manager Paddington Operations)
Peter Ruzicka (General Manager Geology and Exploration)

There are no other employees considered an executive/senior manager that have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

There were no changes since the end of the reporting period, except for the appointment of Dr Diamin Chen as executive director on 3 August 2012 and managing director on 21 August 2012, the resignation of Ian Sheppard (effective 31 August 2012), Andrè Labuschagne and Robert Brainsbury leaving the company on 21 August 2012.

Executive remuneration

The remuneration policy ensures that contracts for services are reviewed on a regular basis and properly reflect the duties and responsibilities of the individuals concerned. Executive remuneration is based on a number of factors including service conditions, relevant market conditions, knowledge and experience within the industry, organisational experience, performance of the group and the need for the remuneration to be competitive in order to attract and retain motivated people. There are no guaranteed pay increases included in the senior executives' contracts.

Executive remuneration includes cash and equity comprised of ordinary shares and/or share options. Each member of key management personnel has a remuneration package negotiated on a case-by-case basis with equity granted. The equity component is determined taking into account various market and/or non-market conditions before vesting. The details of shares and options and their vesting conditions are set out below.

The performance conditions specified are chosen to align the individual's reward to longevity of service at the company and the financial market performance of the company.

Refer section C. Service agreements and section D. Share-based compensation for details.

All risks associated with options included in employee remuneration are borne by the recipient.

Remuneration report (audited) (continued)
A. Principles used to determine the nature and amount of remuneration (continued)

Relationship with company performance

The company matches the equity component of remuneration with overall total shareholder returns. Currently, share price is regarded as the best proxy for this matching. As a consequence, equity remuneration is tied directly to share price outcomes and vesting conditions are tied to a combination of employee service and the company's share price rather than earnings.

There were no dividends paid by the company or returns of capital in the last five years. The following table shows the share prices and earnings details at the end of the respective financial years.

		2008	2009	2010	2011	2012
Share price at year-end	$/share	0.25	0.20	0.16	0.14	0.24
Revenue	$'000	115,002	161,939	177,416	211,685	245,912
Net profit/(loss) after tax	$'000	9,238	(16,775)	(32,837)	13,142	11,828

Non-executive directors

The current maximum amount of non-executives' fees approved by shareholders is fixed at $400,000 per annum. The board determines, from time to time, the remuneration of non-executive directors. In each case the board considers the director's responsibilities, the size and scope of the company's activities and benchmarks with relevant organisations.

The directors are not entitled to any retirement benefits except those as provided by the superannuation guarantee scheme, which is currently nine per cent.

B. Details of remuneration

Details of the nature and amount of remuneration of the directors and key management personnel of the company and the group are provided in the tables on the following pages.

There have been no other post-employment benefits paid to directors and key management personnel other than those disclosed in the tables on the following pages.

Remuneration report (audited) (continued)
B. Details of remuneration (continued)

	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payment		
	Directors' fees $	Cash salary/ consulting fees $	Non-monetary $	Super-annuation $	Long service leave $	Termination $	Equity settled - shares $	Equity settled - options $	Total $
2012									
Non-executive directors									
A. Timothy Prowse	103,157	-	-	9,248	-	-	-	-	112,441
Anne Bi	60,000	-	-	5,400	-	-	-	-	65,400
Allen Wu[1]	60,000	-	-	-	-	-	-	-	60,000
Mark Wheatley [2]	5,680	57,500	-	791	-	-	-	(128,202)	(64,231)
Xianhii Zeng [3]	47,538	-	-	-	-	-	-	-	47,538
Sub-total non-executive directors	276,375	57,500	-	15,475	-	-	-	(128,202)	221,148
Executive directors									
W. Andrè Labuschagne [4]	-	419,345	7,325	15,775	5,986	-	-	243,939	692,370
Other key management personnel									
Robert Brainsbury [5]	-	304,225	5,636	15,775	-	-	-	135,318	460,954
Ian Sheppard [6]	-	151,784	2,976	7,164	-	-	-	107,186	269,110
Terence Moylan	-	322,302	7,775	15,775	-	-	43,359	-	389,211
Peter Ruzicka	-	254,724	4,985	15,775	-	-	-	-	275,484
	276,375	1,509,880	28,697	85,739	5,986	-	43,359	358,241	2,308,277

1 - Mr Allen Wu resigned as non-executive director on 3 August 2012
2 - Mark Wheatley resigned as Chairman on 20 July 2011
3 – Xianhui Zeng was appointed on 16 September 2011 and resigned on 3 August 2012 as non-executive director
4 - Mr Andrè Labuschagne resigned as Managing Director on 3 August 2012 and left the company on 21 August 2012
5 - Mr Robert Brainsbury left the company on 21 August 2012
6 - Mr Ian Sheppard commenced on 9 January 2012, resigned 31 August 2012

Remuneration report (audited) (continued)
B. Details of remuneration (continued)

	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payment		
	Directors' fees $	Cash salary/ consulting fees $	Non-monetary $	Super-annuation $	Long service leave $	Termination $	Equity settled - shares $	Equity settled - options $	Total $
2011									
Non-executive directors									
A. Timothy Prowse	60,000	-	-	5,400	-	-	-	-	65,400
Anne Bi	60,000	-	-	5,400	-	-	-	-	65,400
Allen Wu[1]	7,231	-	-	-	-	-	-	-	7,231
Mark Wheatley[2]	102,963	-	-	9,267	-	-	-	128,202	240,432
Mark McCauley[3]	46,650	-	-	2,407	-	-	-	-	49,057
Tim Sun[4]	52,565	-	-	-	-	-	-	-	52,565
David Franklin[5]	-	-	-	-	-	-	-	-	-
Ian McCauley[6]	-	-	-	-	-	-	-	-	-
Sub-total non-executive directors	329,409	-	-	22,474	-	-	-	128,202	480,085
Executive directors									
Mark McCauley[3]	-	105,519	-	5,443	-	-	-	-	110,962
W. Andrè Labuschagne[7]	-	394,917	9,086	15,199	1,772	-	-	205,124	626,098
Other key management personnel									
Robert Brainsbury[8]	-	222,279	5,212	12,205	-	-	-	63,570	303,266
Terence Moylan	-	319,600	12,386	15,199	-	-	222,635	-	569,820
Peter Ruzicka[9]	-	214,100	6,019	15,244	-	-	-	-	235,363
	329,409	1,256,415	32,703	85,764	1,772	-	222,635	396,896	2,325,594

1 - Dr Wu was appointed non-executive director on 17 May 2011
2 - Mr Wheatley, Chairman, resigned on 20 July 2011
3 - Mr McCauley was acting CEO until 13 September 2010 and non-executive director til 22 June 2011
4 - Mr Sun resigned on 17 May 2011
5 - Mr Franklin resigned on 11 April 2011. Mr Franklin elected not to receive remuneration for his services.
6 - Mr I McCauley resigned as alternate director on 6 September 2010
7 - Mr Labuschagne was appointed managing director on 13 September 2010
8 - Mr Brainsbury was appointed CFO and Co-Company Secretary on 13 September 2010
9 - Mr Ruzicka was appointed General Manager Geology and Exploration with Norton Gold Fields Limited effective from 1 February 2011

Remuneration report (audited) (continued)
B. Details of remuneration (continued)

The relative proportions of remuneration that are linked to performance (all equity remuneration is performance based) and those that are fixed are as follows:

	Fixed remuneration		Options		Shares	
	2012	2011	2012	2011	2012	2011
Directors						
A. Timothy Prowse	100%	100%	-	-	-	-
W. Andrè Labuschagne	65%	67%	35%	33%	-	-
Anne Bi	100%	100%	-	-	-	-
Allen Wu	100%	100%	-	-	-	-
Mark Wheatley	100%	47%	-	53%	-	-
Mark McCauley	-	100%	-	-	-	-
Tim Sun	-	100%	-	-	-	-
Xiahui Zeng	100%	-	-	-	-	-
Other key management personnel						
Robert Brainsbury	71%	79%	29%	21%	-	-
Ian Sheppard	60%	-	40%	-	-	-
Terence Moylan	89%	61%	-	-	11%	39%
Peter Ruzicka	100%	100%	-	-	-	-

C. Service agreements

Remuneration and other terms of employment for the executive management team are formalised in service agreements. The contractual arrangements contain certain provisions typically found in contracts of this nature. Service agreements are capable of termination on three months' notice with additional payouts of between 3 to 9 months remuneration. The group retains the right to terminate a contract immediately and provide payment in lieu of notice (refer below for further details). Directors and executives are also entitled to receive their statutory entitlements of superannuation and accrued annual and long service leave. Other major provisions of the agreements relating to the remuneration are set out below. Non-executive directors do not have formal service agreements or agreed termination benefits/terms. Terms of employment for key management personnel are set out below.

A. Timothy Prowse
Non-executive director - stepped down as chairman on 3 August 2012 *to non-executive director*

Base fee of $115,000 (plus nine per cent superannuation) per annum whilst chairman and $60,000 (plus nine per cent superannuation) per annum as non-executive director. Consulting fees of $1,800 per day for additional consulting services as requested from time to time by the managing director.

W. Andrè Labuschagne
Managing director (resigned on 3 August 2012*) and left the company on* 21 August 2012

Salary: Base salary package of $435,120 per annum inclusive of superannuation.

Term: No fixed term.

Termination: Benefit on early termination by the company, other than for due cause, equal to nine months of annual base pay.

Share-based:

- 8,000,000 options, at an exercise price of $0.20, vesting upon VWAP20* reaching $0.30 on a 5 year term, expiring 13 September 2015. Options to be issued in 3 tranches of 2,666,667 annually for first 3 years of employment subject to the above vesting conditions. The fair value per option at the date of grant (18/11/2010) was $0.06.

  During the previous year the board reviewed Mr Labuschagne's remuneration focusing on market relativity, and as a result, cancelled prior options and shares based compensation granted and replaced with the above share based compensation.

Anne Bi
Non-executive director

Base fee of $60,000 (plus nine per cent superannuation) per annum. Consulting fees of $1,800 per day for additional consulting services as requested from time to time by the managing director.

Allen Wu
Non-executive director(resigned on 3 August 2012)

Base fee of $60,000 (plus nine per cent superannuation) per annum. Consulting fees of $1,800 per day for additional consulting services as requested from time to time by the managing director.

Xianhui Zeng
Non-executive director(resigned on 3 August 2012)

Base fee of $60,000 (plus nine per cent superannuation) per annum. Consulting fees of $1,800 per day for additional consulting services as requested from time to time by the managing director.

Robert Brainsbury
Chief Financial Officer and Co-Company Secretary (left on 21 August 2012)

Salary: Base salary package of $320,000 per annum inclusive of superannuation.

Term: No fixed term

Termination: Benefit on early termination by the company, other than for due cause, equal to three months of salary plus three months' notice or payment in lieu.

Share-based:

- 4,000,000 options, at an exercise price of $0.20, vesting upon VWAP20** reaching $0.30 on 5 year term, expiring 13 September 2015.Options to be issued in 3 tranches of 1,333,333 annually for the first 3 years of employment subject to the above vesting conditions. The fair value per option at the date of grant (02/03/2011) was $0.05.

Ian Sheppard
General Manager Technical and Business Development (commenced 9 January 2012, resigned 31 August 2012)

Salary: Base salary package of $300,000 per annum inclusive of superannuation.

Term: No fixed term

Termination: Benefit on early termination by the company, other than for due cause, equal to three months of salary plus three months' notice or payment in lieu.

Share-based:

- 4,000,000 options, at an exercise price of $0.20, vesting upon VWAP20** reaching $0.30 on 5 year term, expiring 9 January 2017. Options to be issued in 3 tranches of 1,333,333 annually for the first 3 years of employment subject to the above vesting conditions. The fair value per option at the date of grant (9/01/2012) was $0.07.

C. Service agreements (continued)

Terence Moylan
General Manager Paddington Operations

Salary: Base salary package of $320,000 per annum inclusive of superannuation and residential allowance of $15,000 per annum.

Term: No fixed term.

Termination: Benefit on early termination by the company, other than for due cause, equal to one month of salary.

Share-based:

- 700,000 ordinary shares vesting after 12 months of employment.
- 600,000 ordinary shares vesting after the Convertible Note issuer conversion right is exercisable on the Convertible Notes.
- 700,000 ordinary shares vesting when the VWAP5* reaches $0.70.
  The fair value per share at date of grant (10/03/2010) was $0.205.

Peter Ruzicka
General Manager Geology and Exploration

Salary: Base salary package of $260,000 per annum inclusive of superannuation and residential allowance of $15,000 per annum.

Term: No fixed term.

Termination: Benefit on early termination by the company, other than for due cause, equal to one month of salary.

Share-based:

- 490,000 ordinary shares vesting after 12 months of employment.
- 420,000 ordinary shares vesting after the Convertible Note issuer conversion right is exercisable on the Convertible Notes.
- 490,000 ordinary shares vesting when the VWAP5* reaches $0.70
  The fair value per share at date of grant (31/01/2009) was $0.12

*VWAP5 means the five consecutive business day volume weighted average price per share on ASX.
**VWAP20 means the 20 consecutive business day volume weighted average price per share on ASX.
These conditions are designed to provide long term incentives for executives to deliver long-term shareholder returns

Remuneration report (audited) (continued)
D. Share-based compensation

Shares
The following table sets out the information on shares granted as remuneration to key management personnel in the current and previous financial years affecting remuneration in the current or a future period are as follows:

Name	Granted No.	Grant date	Fair value per share at grant date $	Vested at 30 June 2012 No.	Other changes at 30 June 2012	Vesting conditions	Possible vesting date
2012							
Nil							
Prior financial years							
Terence Moylan	700,000	10/03/2010	$0.205	Nil	-	VWAP of ordinary shares is $0.70 for 5 consecutive days	June 2013

VWAP5 means the five business day volume weighted average price per share on ASX.

Options
The following table sets out the information on options granted as remuneration to key management personnel in the current and previous financial years affecting remuneration in the current or a future period are as follows:

Name	Granted No.	Grant date	Fair value per option at grant date $	Vested at 30 June 2012 No.	Other changes at 30 June 2012	Vesting conditions	Possible vesting date
2012							
Ian Sheppard	4,000,000	9/01/2012	$0.068	Nil	-	3 tranches when VWAP * equals $0.30	9/01/2017
Prior financial years							
Mark Wheatley	5,000,000	18/11/2010	$0.056	Nil	(5,000,000)	3 tranches when VWAP * equals $0.30	n/a
Andrè Labuschagne	8,000,000	18/11/2010	$0.056	Nil	-	3 tranches when VWAP * equals $0.30	13/09/2015
Robert Brainsbury	4,000,000	13/09/2010	$0.050	Nil	-	3 tranches when VWAP * equals $0.30	13/09/2015

Mark Wheatley's options were forfeited upon resignation

*VWAP means the volume weighted average trading price of shares on ASX over a 30 business day period.

Remuneration report (audited) (continued)
D. Share-based compensation (continued)

Of the shares granted as part of remuneration, the percentage that vested and the percentage forfeited are set out below.

Name	Year granted	Vested %	Forfeited/ other changes %	Financial years in which shares may vest
Terence Moylan	2010	100%	-	-
	2010	-	100%	n/a
	2010	-	-	30/06/2013
W. Andrè Labuschagne	2010	-	Cancelled	n/a
	2010	-	Cancelled	n/a
	2008	100%	-	n/a
	2008	-	Cancelled	n/a
Peter Ruzicka	2009	100%	-	-
	2009	-	100%	n/a
	2009	-	-	30/06/2013

No shares will vest if the vesting conditions are not satisfied, hence the minimum value of the shares yet to vest is nil.

Options

Options are issued to directors and executives as part of their remuneration. The options are not generally issued based on individual performance criteria. In the main, options are issued to directors and executives of Norton Gold Fields Limited and its subsidiaries to better align the interests of executives and directors with the interest of shareholders.

The number of options over ordinary shares in the company on issue during the financial year to key management personnel of the group, including personal related entities, are set out in the table below. When exercisable, each option is convertible into one ordinary share of Norton Gold Fields Limited.

Name	Balance at start of year	Granted during the year*	Value of options at grant date	Cancelled during the year	Other changes	Balance at end of year	Vested and exercisable at end of year
2012							
Directors							
Mark Wheatley	5,000,000	-	$280,664	-	(5,000,000)	-	-
Senior management							
W. Andrè Labuschagne	8,000,000	-	$449,062	-	-	8,000,000	-
Robert Brainsbury	4,000,000	-	$198,888	-	-	4,000,000	-
Ian Sheppard	-	4,000,000	$272,042	-	-	4,000,000	-
Total	17,000,000	4,000,000	$1,200,656	-	(5,000,000)	16,000,000	-

*Options were granted on 9 January 2012 to Ian Sheppard

Upon the resignation of Mark Wheatley the options issued to him were forfeited, the options have no intrinsic value on his resignation date.

No options were granted between the end of the financial year and the date of this report.

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Monte Carlo Simulation model that takes into account the exercise price, the terms of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Details are available in notes 27 and 39 of the financial statements.

D. Share-based compensation (continued)

Shares issued on exercise of compensation options

None

End of remuneration report.

Shares under option

Unissued ordinary shares of Norton Gold Fields Limited under options at the date of this report are as follows:

Date options granted	Vesting date	Expiry date	Exercise price	Number under option
13/09/2010	3 tranches when VWAP * equals $0.30	13/09/2015	$0.20	4,000,000
18/11/2010	3 tranches when VWAP * equals $0.30	13/09/2015	$0.20	8,000,000
09/01/2012	3 tranches when VWAP * equals $0.30	09/01/2017	$0.20	4,000,000
				16,000,000

*VWAP means the volume weighted average trading price of shares on ASX over a 30 business day period.

The holders of these options do not have the right, by virtue of options, to participate in any share issue or interest issue of the company or of any other body corporate or registered scheme.

Shares issued on the exercise of options

There were no ordinary shares of Norton Gold Fields Limited issued during the year ended 30 June 2012 on the exercise of options. No amounts are unpaid on any of the shares.

Indemnification of directors and officers

The company has entered into agreements to indemnify directors and company secretaries against certain liabilities which they may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the company. The agreement requires the company to indemnify officers of the company to the maximum extent permitted by the *Corporations Act 2001*.

At the date of this report no amounts have been paid in relation to the indemnity of any director or officer of the company.

The company does not provide an indemnity to any auditor.

The company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of directors or officers of the company. The policy requires that the premium paid be kept confidential.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

No fees were paid or payable to the auditor BDO Audit Pty Ltd for non-audit services during the year.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 47.

Rounding of amounts

The company is an entity to which Australian Securities and Investments Commission (ASIC) Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the directors.

Dr D. Chen
Executive Director
Brisbane
27 September 2012

BDO

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DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF NORTON GOLD FIELDS LIMITED

As lead auditor of Norton Gold Fields Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Norton Gold Fields and the entities it controlled during the period.

A J Whyte

Director

BDO Audit Pty Ltd

Brisbane: 27 September 2012

Corporate Governance Statement

The directors and management of Norton Gold Fields Limited ("Norton" or "the company") are committed to following the principles issued by the Australian Securities Exchange ("ASX") underpinning corporate governance best practice.

In responding to the principles and associated best practice recommendations, Norton has given due and careful regard to its particular circumstances and the best interests of its shareholders.

ASX Listing Rules require listed companies to disclose in their annual report the extent to which ASX best practice recommendations have been followed; identify which recommendations have not been followed; and provide reasons for their decisions.

As detailed in this corporate governance statement, Norton considers that its current governance practices largely comply with the ASX recommendations. Where arrangements differ from the recommendations, the directors and management believe this is appropriate to the company's circumstances and represents good practice.

A full set of Norton's corporate governance related policies and charters are available on the company's website at www.nortongoldfields.com.au.

The company will continuously review the recommendations and decisions will be based on what is in the best interests of shareholders.

The remainder of this statement sets out each principle, associated best practice recommendations, and the company's response.

Principle 1: Lay solid foundations for management and oversight

Principle 2: Structure the board to add value

Principle 3: Promote ethical and responsible decision-making

Principle 4: Safeguard integrity in financial reporting

Principle 5: Make timely and balanced disclosure

Principle 6: Respect the rights of shareholders

Principle 7: Recognise and manage risk

Principle 8: Remunerate fairly and responsibly

Principle 1: Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendations and response:

R1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The board has defined the specific functions reserved for the board and its committees and those matters delegated to management.

The board is accountable to shareholders for Norton's performance. It oversees and guides management in protecting and enhancing the interests of shareholders and other stakeholders. It sets the strategic direction of the company, establishes goals for management and monitors progress towards those goals.

The board's functions encompass:

- providing input into developing performance objectives, goals and corporate direction, and providing final approval
- adopting, and monitoring progress regarding agreed plans, budgets and financial and other reporting
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures
- ensuring adequate internal controls are in place and appropriately monitored for compliance
- ensuring significant business risks are identified and managed
- setting compensation arrangements for executive directors and senior management
- encouraging ethical behaviour throughout the organisation
- appointing the chief executive officer/managing director, and where appropriate, effecting his/her removal and that of other senior executives including the company secretary
- liaising with external auditors

The board has delegated day-to-day management of the company to the managing director who is responsible for Norton's operating and financial performance, developing and recommending corporate strategy to the board, and its subsequent implementation. Specific accountabilities are set out in the chief executive officer's role description encompassing strategy, operating performance, new business projects, risk management, systems, performance culture and the company's image and reputation.

The managing director holds the executive team individually and collectively accountable for contributing to discharging his delegated accountabilities. The specifics are set out in explicit role descriptions for each executive function.

Each director and senior executive has a formal letter of appointment setting out the key terms and conditions relative to their appointment.

R1.2 Companies should disclose the process for evaluating the performance of senior executives.

The board is accountable for the proper oversight of executive directors and senior management. A process is in place for reviewing senior management performance and continuously improving the contributions executives make to the company.

Performance objectives and business plans for the company are set at least annually and refreshed each quarter in line with Norton's business strategy. The board monitors performance against plan and on this basis monitors and assesses the performance of the chief executive officer.

The process in place for monitoring senior executive performance is based on explicit role accountabilities encompassing regular systematic performance reporting, feedback and formal assessment. This is on a fortnightly, quarterly and annual basis. There is a strategic review at least annually.

R1.3 Companies should provide the information indicated in the guide to reporting on principle 1.

Performance evaluation of senior executives has taken place in the financial year and is in accordance with the process as set out in R1.1 and R1.2 above.

Principle 2: Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendations and response:

R2.1 A majority of the board should be independent directors.

Norton recognises the importance of having a board of the appropriate composition, size and commitment for it to discharge its responsibilities and duties and believes that its board has a balance of skills, experience and independent thinking appropriate to the nature and scope of the company's operations.

A director is regarded as independent if that director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to interfere with the independent exercise of their judgment. When determining the independent status of a director, the board has considered whether the director:

- is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company. A substantial shareholder is considered to be a person or entity whose total votes attaching to their shareholding is 5% or more of the total number of votes attaching to voting shares in the company
- is employed, or has previously been employed in an executive capacity by the company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the board
- has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided
- is a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- has a material contractual relationship with the company or another group member other than as a director.

In the context of director independence, "materiality" is considered from both the group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the group's loyalty.

Following these considerations, the directors on the board did not meet the ASX definition of independence at 30 June 2012. Mr H Xu who was appointed on 3 August 2012 is currently the only independent non-executive director.

The board has determined the independence status of each director as follows:

Director	Position	Independent	Reason
Current directors			
Jinghe Chen	Non-executive chairman (appointed on 3 August 2012)	No	Mr Chen is not considered independent as he is employed by Zijin Mining Group Co., Ltd a substantial shareholder in the company.
Dianmin Chen	Executive director (appointed on 3 August 2012)	No	Dr Chen was appointed in the role of managing director on 21 August 2012.
A. Timothy Prowse	Non-executive director	No	Mr Prowse was previously employed by the company in an executive capacity as technical director and there has not been a period of at least three years between Mr Prowse ceasing employment and serving on the board.
Anne Bi	Non-executive director	No	Ms Bi is not considered independent as she is directly associated with Goldmax Asia Investment Limited, a substantial shareholder in the company.
Hanjing Xu	Non-executive director (appointed on 3 August 2012)	Yes	Mr Xu is free of any relationship that could, or could be seen to materially interfere with the independent exercise of judgment.
Former directors			
W. André Labuschagne	Managing director (resigned on 3 August 2012)	No	Mr Labuschagne held the position of managing director until his resignation on 3 August 2012.
Xianhui Zeng	Non-executive director (appointed on 16 September and resigned on 3 August 2012)	No	Mr Zeng is not considered independent as he is employed by Zijin Mining Group Co., Ltd a substantial shareholder in the company.
Dr Allen Wu	Non-executive director (resigned on 3 August 2012)	No	Dr Wu is not considered independent as he is employed by China Precious Metal Resources Holdings Ltd, a previous substantial shareholder of the company.
Mark Wheatley	Non-executive chairman (resigned on 20 July 2011)	Yes	Mr Wheatley is free of any relationship that could, or could be seen to materially interfere with the independent exercise of judgment.

The board is of the view that the board's composition during the reporting period served the interests of shareholders for the following reasons:

- Having regard for the size of China Precious Metals Resource Holdings Co. Ltd, Goldmax Asia Investments Limited and Zijin Mining Group Co., Ltd investments and the absence of any other relationships with the company, the board believes that the interests of these shareholders are independent of management and are aligned with those of all shareholders.
- The board protocol sets out how actual or potential conflicts of interests are to be dealt with.

The board recognises that there are occasions when the board or directors believe that it is in their interests and the interests of the company to seek independent professional advice. Directors can seek independent professional advice at the company's expense in furthering their duties. The first point of contact for a director in need of external advice is the company secretary.

R2.2 The chairman should be an independent director.

During the reporting period the chairman, Mr Tim Prowse, was not an independent director. Mr Prowse is not considered to be independent as he was previously employed by the company in an executive capacity as technical director. The board believes that Mr Prowse is able to and does bring quality and independent judgement to all relevant issues falling within the scope of the role of chairman and that the group as a whole benefits from his long standing experience of its operations and business relationships. Mr Prowse resigned from the position of chairman on 3 August 2012 and Mr J Chen was appointed chairman in his stead. Mr Prowse remains on the board as a non-executive director.

R2.3 The roles of chairman and managing director should not be exercised by the same individual.

The role of chairperson and the managing director are not exercised by the same individual. During the reporting period the role of chairperson was exercised by Mr Prowse, and the role of managing director was exercised by Mr Labuschagne.

R2.4 The board should establish a nominations committee.

The board itself acts as the nominations committee rather than having a separate committee constituted for that purpose. The directors believe that this is appropriate in light of the size of the board and the particular circumstances of the company.

The nominations process involves working within a formal procedure for the nomination, selection, appointment and re-election of directors. The procedure is set out in the *nomination committee charter* located on the corporate governance section of the company website.

The size and composition of the board, and its mix of skills and capabilities is expected to change as Norton delivers on its strategy and as the company evolves. The board, as a whole, aims to ensure that it always has an appropriate diversity of experience and expertise consistent with the objectives of the company and this is continuously reviewed by the board.

R2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The board does not have a formal process for evaluating the performance of the board, its committees and individual directors.

However, there is a process for continuously improving the board's systems, procedures and quality of decision-making. This process encompasses continuous attention to all matters that provide an opportunity to improve the creation of value to the company's shareholders via actions of the board, its committees and individuals in developing strategy, decision-making and monitoring the company's performance. The chairman is accountable for ensuring this improvement process is effective and works closely with the company secretary and managing director in implementing the improvements.

The company secretaries are accountable to the board, through the chairman, on all governance matters.

The directors believe that the approach being followed, as described above, is appropriate in light of the current size of the board and the particular circumstances of the company and honours the spirit of recommendation R2.5.

R2.6 Companies should provide the information indicated in the guide to reporting on principle 2.

The directors and management section of the company's website and the directors' report sets out:

- the skills, experience, expertise and tenure of each board member relevant to their role as a director
- the basis on which independent directors have been identified by the board
- how the functions of a nomination committee are carried out by the board.

The period of office held by each director is disclosed in the directors' report.

Departures from recommendations R2.1, R2.4 and R2.5 are explained above.

Principle 3: Promote ethical and responsible decision-making

Actively promote ethical and responsible decision-making.

Recommendations and response*:*

R3.1 Establish a code of conduct and disclose the code or 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 expectations of their stakeholders**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

The board and management are committed to establishing and maintaining a high degree of integrity among those who set or influence the company's strategy and financial performance, together with responsible and ethical decision-making that take into account legal obligations as well as significant stakeholder interests.

The company has adopted a code of conduct to provide guidelines to all company employees, including the company's executives and directors, for exercising a high degree of integrity. The board has ultimate responsibility for setting the ethical tone of the company.

The *code of conduct,* and a *securities trading policy* that accords with the requirements of the ASX Listing Rules 12.9-12.12 are available under the corporate governance section of the company's website.

R3.2 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.

Norton acknowledges the known corporate benefits that flow from advancing employee and board diversity, in particular gender diversity, including identification and rectification of gaps in the skills and experience of employees, enhanced employee retention, greater innovation and maximisation of available talent to achieve corporate goals and optimal financial performance. The company is committed to complying with the diversity recommendations under the ASX Corporate Governance Principles and Recommendations, incorporating:

- establishing measurable objectives for achieving gender diversity;
- promoting diversity among employees, consultants and senior management throughout the Norton Group; and
- keeping shareholders informed of Norton's progress towards implementing and achieving its diversity objectives.

The directors approved a diversity policy for the company on 25 September 2012, which is available under the corporate governance section of the company's website.

R 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.

Measurable objectives for achieving gender diversity in accordance with the diversity policy have not yet been determined, but are to be set by the board commencing in the financial year ending 30 June 2013. The board will review the effectiveness and relevance of these measurable objectives on an annual basis. The company's diversity policy requires that the measurable objectives identify ways, and where applicable specify benchmarks against which the achievement of diversity is measured, in order for the board to assess and report annually on Norton's progress towards achieving its diversity goals.

R 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.

WORKPLACE PROFILE FY2012

	Women	Men	Women %	Men %
Board	1	4	20%	80%
Executive Management	1	1	50%	50%
Operational	64	221	22%	78%
Total	66	227	23%	77%

R3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.

The company has provided the information required by the Guide to reporting in Principle 3, under R3.2 and R3.3 above.

Principle 4: Safeguard integrity in financial reporting

Have a structure to independently verify and safeguard the integrity of the company's financial reporting.

Recommendations and response*:*

R4.1 The board should establish an audit committee.

The board has established an audit and risk management committee which assists it to ensure that:

- the systems of control which management has established effectively safeguard tangible and intangible assets of the company
- financial information provided to shareholders and others is reliable
- effective risk management systems are in place

The ultimate responsibility for the integrity of the company's financial reporting rests with the board.

R4.2 Structure the audit committee so that it consists of:

- **only non-executive directors**
- **a majority of independent directors**
- **an independent chairman, who is not chairman of the board**
- **has at least 3 members**

The composition of the audit and risk management committee changed during the reporting period. The members of the audit and risk management committee during the reporting period were:

From 1 July 2011 to 20 July 2011
Mr Wheatley (Chairman; resigned on 20 July 2011)
Mr Prowse
Ms A Bi

From 20 July 2011
Mr Prowse (Chairman, appointed 20 July 2011)
Ms A Bi

Mr Prowse did not meet the ASX test of independence and was chairman of the board and of the audit and risk management committee. Details of the experience, qualifications and attendance at committee meetings for each member of the committee are presented in the directors' report.

During the reporting period the company does not comply with R4.2 as the majority of the audit and risk management committee are not independent, the chairman of the committee was also chairman of the board and the committee had less than 3 members. Due to the current composition of the board full compliance with this recommendation is not possible. On 21 August 2012, Mr H Xu was appointed Chairman of the audit and risk management committee as Mr Prowse stepped down. Mr Prowse remained on the committee. Mr Xu is an independent non-executive director and is not chairman of the board.

The directors believe that the current structure of the audit and risk management committee, as described above, is appropriate in light of the current size of the board and the particular circumstances of the company.

R4.3 The audit committee should have a formal charter.

The audit and risk management committee, which operates under a charter approved by the board, provides advice and assistance to the board in fulfilling its responsibility relating to the company's financial statements, internal audit, external audit, risk management and such other matters as the board may request from time to time.

The members of the committee have direct access to any employee, financial and legal advisers and the auditors without management being present.

The committee reports to the board on the following:

- consideration of whether external reporting is consistent with committee members' information and knowledge and is adequate for meeting shareholder requirements
- assessing the appropriateness of the accounting principles applied by management in the preparation and presentation of financial reports and approving all significant accounting policies
- assessment of management processes supporting external reporting
- control the company's financial reporting and disclosure processes and the outputs of that process
- approving the audit plan of the external auditors, monitoring the effectiveness and independence of the external auditor and, obtaining assurances that the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standard procedures for the selection and the appointment of the external auditor, rotation of external audit engagement partners, removal and appointment of the external auditors and review of the terms of engagement
- providing recommendations to the board as to the role of the internal auditor/internal audit function, if any, and recommendations for the appointment or, if necessary, the dismissal of the head of internal audit
- evaluating the adequacy, effectiveness and appropriateness of the company's administrative, operating and accounting control systems and policies.

The audit and risk management committee charter describes the authority, role and responsibility of the committee, and outlines the composition and frequency of annual meetings.

The audit and risk management committee charter is available under the corporate governance section of the company's website.

R4.4 Companies should provide the information indicated in the guide to reporting on principle 4.

Information related to principle 4 and departure from recommendation R4.2 is presented above.

Principle 5: Make timely and balanced disclosure

Promote timely and balanced disclosure of all material matters concerning the company.

Recommendations and response*:*

R5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

Norton has a continuous disclosure policy which aims to provide a timely and balanced picture of all material matters and which requires disclosure of any information concerning Norton that a reasonable person would expect to have a material effect on the price or value of the company's securities.

This does not apply to particular information where all of the following are satisfied:

- a reasonable person would not expect the information to be disclosed
- the information is confidential and ASX has not formed a contrary view
- one or more of the following applies:
  - it would be a breach of the law to disclose the information
  - the information concerns an incomplete proposal or negotiation
  - the information comprises matters of supposition or is insufficiently definite to warrant disclosure
  - the information is generated for internal management purposes
  - the information is a trade secret

The company's continuous disclosure policy is as follows:

- the board holds the managing director accountable for communication with ASX in relation to all listing rule matters
- executives are required to monitor all relevant information regarding the company's affairs and test it against the continuous disclosure policy on a day-to-day basis. If a potential disclosure obligation arises, it is brought to the attention of the managing director and, in his absence, the company secretary
- required disclosures are made to the ASX and posted on the company's website
- if matters are not clear-cut, the managing director confers with another director and/or the company's legal counsel to determine whether disclosure is required
- the chairman and managing director are the only persons authorised to make statements to the media on behalf of the company. The exception is site-specific matters where the site general manager and, where applicable the project director, are authorised to make statements relevant to the local community
- Norton is committed to communicating with investors in an effective and timely manner and supports communication by the managing director with shareholders, potential investors and analysts at company presentations, briefings and shareholder meetings, such as the annual general meeting and road show presentations
- in addition, the company's external auditors are invited to attend the annual general meeting to answer questions from shareholders about the conduct of the audit and content of the audit report and the company's financial reports.

R5.2 Provide the information indicated in guide to reporting on principle 5.

Information related to principle 5 is presented above.

Principle 6: Respect the rights of shareholders

Respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendations and response:

R6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Norton seeks to enable shareholders to be well informed about the performance and affairs of the company.

The company communicates with shareholders through a variety of means, including ASX releases, annual, half-yearly and quarterly reports, the company website, general meetings and direct communication. The company has a clearly marked corporate governance section on its website that contains information relating to governance matters.

The company secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the group's operations, the material used in the presentation is released to the ASX and posted on the company's web site. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and if so, this information is also immediately released to the market. The website also enables users to provide feedback and has an option for shareholders to register their email address for direct email updates on company matters.

All shareholders receive a copy of the company's annual (full or concise) and half yearly reports. In addition, the company seeks to provide opportunities for shareholders to participate through electronic means. Recent initiatives to facilitate this include making all company announcements media briefings, details of company meetings, press releases for the last three years and annual financial reports for the last five years available on the company's website, including a broadcast of the company's annual general meeting. Where possible, the company arranges for advance notification of significant group briefings (including, but not limited to, results announcements) and makes them widely accessible, including through the use of webcasting or any other mass communication mechanisms as may be practical.

R6.2 Companies should provide the information indicated in the guide to reporting on principle 6.

Information related to principle 6 is presented above.

Principle 7: Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

Recommendations and response*:*

R7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Norton recognises the importance of risk management and manages risk through effective oversight and internal control involving board and management systems that encompass:

- a regulatory compliance program supported by approved guidelines and standards for such matters as safety, the environment, legal and insurance
- guidelines and approval limits for capital expenditure and investments
- an insurance program reviewed annually
- policies and procedures for management of financial risk and treasury operations including exposures to foreign currencies and cash management
- annual budgeting and monthly reporting systems for all businesses to monitor progress against performance targets and to evaluate trends
- appropriate due diligence procedures for acquisitions and divestments
- accountability of management (to the board) for the group's internal control and risk management through the audit and risk management committee charter
- a crisis management system in use and progressively updated to match emerging circumstances
- a policy that precludes the company's auditors from providing any other service to the company.

This function is assisted by the audit and risk management committee. The audit and risk management committee charter is available under the corporate governance section of the company's website.

R7.2 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.

Business risk is a standing agenda item for board meetings where the effectiveness of the company's risk management systems and activities are reported on and assessed. The risk management process is an enterprise wide risk analysis and includes:

- risk identification
- analysis and evaluation
- risk mitigation/treatment.

R7.3 The board should disclose whether it has received assurance from the managing director (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.

The board requires the managing director and chief financial officer to confirm in writing that declarations provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively.

R7.4 Companies should provide the information indicated in the guide to reporting on principle 7.

Information related to principle 7 is presented above.

Principle 8: Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendations and response:

R8.1 The board should establish a remuneration committee.

The directors of Norton understand that recognition and reward are key factors in attracting and retaining the skills required to achieve the performance expected by the board, management and shareholders.

A remuneration charter which sets out the responsibilities of the remuneration committee has been approved by the Board on 25 September 2012, and is available on the company's website under the corporate governance section.

R8.2 The remuneration committee should be structured so that it:

- **consists of a majority of independent directors**
- **is chaired by an independent chair**
- **has at least three members**

The members of the remuneration committee during the reporting period were:

Mr Prowse (Chairman)
Ms Bi (resigned from remuneration committee on 21 August 2012)

Details of the experience, qualifications and attendance at committee meetings for each member of the committee are presented in the directors' report.

During the reporting period the company does not comply with R8.2 as the majority of the remuneration committee are not independent and the chairman of the committee was also chairman of the board. Due to the current composition of the board full compliance with this recommendation is not possible. On 21 August 2012, Mr H Xu and Mr J Chen were appointed to the remuneration committee. Mr Xu is an independent non-executive director and Mr Chen is the Chairman of the Board.

The directors believe that the current structure of the remuneration committee, as described above, is appropriate in light of the current size of the board and the particular circumstances of the company.

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R8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Non- executive director's remuneration

Total remuneration paid to non-executive directors may not exceed the limit set by shareholders at the annual general meeting (currently $400,000).

The remuneration of the non-executive directors is fixed rather than variable. There are no schemes for retirement benefits, other than superannuation, for non-executive directors

Executive director's and senior executive's remuneration

In relation to executive remuneration, the board takes advice regarding the nature and direction for the company's remuneration practices. The board ensures that a proportion of each senior manager's remuneration is linked to his or her performance and the company's performance. Remuneration is also benchmarked against the company's peers in the resources industry.

It is the company's policy to prohibit directors and senior executives from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under the company's equity –based remuneration schemes.

The remuneration structure for directors and senior executives is reported in the remuneration section of the company's annual report.

R8.4: Companies should provide the information indicated in the guide to reporting on principle 8.

Information related to principle 8 and departure from recommendation R8.2 is presented above.

	Notes	2012 $'000	2011 $'000
Revenue	5	245,912	211,685
Cost of sales	6	(201,500)	(183,197)
Gross profit		**44,412**	**28,488**
Other income	7	637	33,999
Administrative expenses	8	(9,506)	(9,188)
Write off of exploration and evaluation assets and plant and equipment	17,19	-	(13,004)
Hedging loss	26	(10,618)	(10,618)
Profit before net finance costs		**24,925**	**29,677**
Finance income	10	4,323	3,531
Finance expense	10	(9,284)	(12,447)
Profit before tax		**19,964**	**20,761**
Income tax expense	11	(8,136)	(7,619)
Profit for the year attributable to the owners of the parent entity		**11,828**	**13,142**
Other comprehensive income			
Reclassification adjustment for the deferred hedging loss included in profit and loss	26	10,618	10,618
Income tax on items of other comprehensive income	11	(3,186)	(3,185)
Other comprehensive income for the year, net of tax		**7,432**	**7,433**
Total comprehensive income for the year attributable to owners of the parent entity		**19,260**	**20,575**
Earnings per share		**Cents**	**Cents**
Basic earnings per share	38	1.4	2.0
Diluted earnings per share	38	1.4	1.9

Consolidated statement of financial position

As at 30 June 2012

	Notes	2012 $'000	2011 $'000
Assets			
Current Assets			
Cash and cash equivalents	12	55,891	36,775
Trade and other receivables	13	6,460	5,712
Inventories	14	35,900	18,549
Other assets	20	9,337	4,707
		107,588	65,743
Asset classified as held for sale	15	-	11,750
Total Current Assets		107,588	77,493
Non-current Assets			
Deferred tax assets	16	10,278	15,461
Exploration and evaluation assets	17	76,226	68,172
Capitalised mining costs	18	34,112	37,590
Property, plant and equipment	19	28,112	24,570
Other assets	20	19,737	27,269
Total Non-current Assets		168,465	173,062
Total Assets		276,053	250,555
Liabilities			
Current Liabilities			
Trade and other payables	21	32,837	28,285
Provisions	22	2,425	1,604
Financial liabilities	23	3,738	30,000
Total Current Liabilities		39,000	59,889
Non-current Liabilities			
Financial liabilities	23	40,808	50,272
Provisions	22	22,231	24,421
Deferred tax liabilities	24	9,926	3,105
Total Non-current Liabilities		72,965	77,798
Total Liabilities		111,965	137,687
Net Assets		**164,088**	**112,868**
Equity			
Contributed equity	25	174,252	142,633
Reserves	26	10,564	2,791
Accumulated losses	26	(20,728)	(32,556)
Total Equity		**164,088**	**112,868**

	Contributed equity $'000	Hedge reserve $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
At 30 June 2010	**129,454**	**(14,865)**	**9,015**	**(45,698)**	**77,906**
Comprehensive income					
- Profit for the year after tax	-	-	-	13,142	13,142
- Other comprehensive income	-	7,433	-	-	7,433
Total comprehensive income for the year	-	7,433	-	13,142	20,575
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs and deferred tax	13,179	-	-	-	13,179
Non-cash share based payments	-	-	1,208	-	1,208
At 30 June 2011	**142,633**	**(7,432)**	**10,223**	**(32,556)**	**112,868**
Comprehensive income					
- Profit for the year after tax	-	-	-	11,828	11,828
- Other comprehensive income	-	7,432	-	-	7,432
Total comprehensive income for the year	-	7,432	-	11,828	19,260
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs and deferred tax	31,619	-	-	-	31,619
Non-cash share based payments	-	-	341	-	341
At 30 June 2012	**174,252**	**-**	**10,564**	**(20,728)**	**164,088**

	Notes	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts in the course of operations		263,147	241,566
Payments in the course of operations		(202,854)	(187,688)
Interest received		3,287	3,483
Interest and borrowing costs paid		(5,115)	(11,550)
Taxes received /(paid)		400	(95)
Other receipts		643	-
Net cash provided by operating activities	36	59,508	45,716
Cash flows from investing activities			
Payments for plant and equipment		(1,512)	(11,800)
Proceeds on disposal of exploration assets		5,000	15,000
Cost on disposal of exploration assets		-	(1,522)
Exploration and mine development costs		(35,532)	(37,465)
Payment for security deposits		(967)	-
Net cash used in investing activities		(33,011)	(35,787)
Cash flows from financing activities			
Proceeds from issue of shares		27,619	1,256
Proceeds from borrowings		-	80,000
Repayment of borrowings		(35,000)	(122,927)
Net cash used in financing activities		(7,381)	(41,671)
Net increase (decrease) in cash and cash equivalents		19,116	(31,742)
Cash and cash equivalents at the beginning of the year		36,775	68,517
Cash and cash equivalents at the end of the year	12	**55,891**	**36,775**

1. General information

Norton Gold Fields Limited ("Norton" or "the company") is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The financial statements of the company for the year ended 30 June 2012 covers the consolidated entity consisting of the company and its subsidiaries ("the group") as required by Corporations Act 2001. The company is a for-profit entity according to Australian Accounting Standards.

2. Summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

The financial report is presented in Australian dollars unless otherwise stated. The accounts are prepared on a going concern basis.

Compliance with IFRSs
The consolidated financial statements of the group also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the group
None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any period prior and are not likely to affect future periods.

Historical cost convention
The financial report has been prepared under the historical cost convention, except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires 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 disclosed in note 3.

Comparative figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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

2. Summary of significant accounting policies (continued)

(b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries.

Subsidiaries are all those entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. A list of all controlled entities is contained in note 34.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 2(h)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

(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 profit or loss.

(e) Revenue recognition

Fine gold metal and fine silver metal revenue is measured at the fair value of the consideration received and receivable at the prevailing spot price. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured.

Interest revenue is recognised using the effective interest rate method.

2. Summary of significant accounting policies (continued)

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Norton Gold Fields Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases of property, plant and equipment, where the group has substantially all the risks and rewards of ownership, are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the finance balance outstanding.

The property, plant and equipment acquired under finance leases are depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

(i) Impairment of assets

Non-current assets such as exploration and evaluation assets and capitalised mining costs are tested for impairment when indicators of impairment are identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, where it is not possible to estimate recoverable amount for an individual asset, assets are grouped at the lowest levels for which there are separately identifiable cash in-flows (cash generating units).

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade and other receivables are generally due for settlement no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for doubtful 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 receivables. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, where debt collection procedures have been commenced, or there is a fair probability that the debtor will be put into administration or liquidation. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When receivables for which an impairment allowance has previously been recognised are determined to be uncollectible, they are written off against the allowance account. The amount of the impairment allowance is recognised in the profit and loss. Receivables are determined to be uncollectible when there is no expectation of recovering any additional cash. This may occur when a final distribution has been made from administrators/liquidators, or where unsuccessful attempts have been made to recover the debt through legal actions or debt collection agencies and the prospect of recovering any additional cash is remote.

2. Summary of significant accounting policies (continued)

(l) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of raw materials and stores is determined on the weighted average cost basis.

Inventories of gold in circuit and ore stock piles are physically measured or estimated and cost comprises direct costs and an appropriate proportion of fixed and variable production overheads.

Net realisable value is assessed monthly based on the amount estimated to be obtained from sale of items of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

(m) Non-current assets held for sale

Non-current assets classified as held for sale are those assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable. These assets, with certain exceptions, are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated or amortised.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for subsequent increases in fair value less costs to sell an asset but not exceeding any cumulative impairment losses previously recognised.

(n) Financial assets

Classification
The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Financial assets are initially recognised at fair value plus transaction costs, except for financial assets carried at fair value through profit and loss for which transaction costs are expensed. Subsequent to initial recognition these instruments are measured as set out below.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. These instruments are measured at amortised cost using the effective interest method.

(iii) Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income.

The group has no such financial assets.

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

Impairment
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit and loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available for sale are not reversed through profit and loss.

If there is evidence of impairment for any of the group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and, where applicable, impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of assets is calculated on a straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

Plant and equipment	8% - 60%
Buildings improvements	2% - 10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

2. Summary of significant accounting policies (continued)

(q) Exploration and evaluation costs

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

If an area of interest is abandoned or is considered to be of no further commercial interest, the accumulated exploration costs relating to the area are written off against income in the year of abandonment. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment. To the extent that there are insufficient, un-depleted resource ounces relating to the particular area of interest, the capitalised costs relating the area of interest are written off against income in the year. Exploration costs capitalised in relation to areas that have sufficient un-depleted resource ounces, where exploration is continuing and further resource updates are expected, are amortised over the period that development and production is expected to occur.

(r) Mining tenements

Mining tenements included in exploration and evaluation costs have a finite useful life and are carried at cost less any accumulated amortisation and impairment losses. The carrying values of mining tenements are reviewed to ensure they are not in excess of their recoverable amounts. The recoverable amount is assessed on the basis described in note 2 (i).

Amortisation of mining tenements included in development assets commences from the date when commercial production commences and is charged to profit or loss. Mining tenements are amortised over the life of the mine using a units-of-production method.

2. Summary of significant accounting policies (continued)

(s) Capitalisation and amortisation of mining costs

Mining expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis. Costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are amortised over the estimated life of that specific ore block or area.

Changes in factors such as estimates of proved and probable reserves that affect unit-of production calculations are dealt with on a prospective basis. Adjustments to expected life-of-mine production are taken up as an adjustment to the remaining amortisation rate. Potential adjustments are reviewed on a quarterly basis.

Open pit mines
In conducting the mining operations it is necessary to remove overburden and other waste materials to access the ore body of open pit mines. The costs of removing overburden and waste materials are referred to as "pre-strip costs".

The group's policy for each open pit mine is to capitalise all pre-strip costs of mining until the average strip ratio (i.e. the total pit ratio of waste to ore over the life of the pit) is achieved.

Underground mining
Underground mining occurs progressively in various stages.

Underground mining costs are capitalised based on an average development metre rate multiplied by the development metre(s) for the period attributed to mining activities not occurring directly within the orebody (eg. general mine access development and infrastructure development).

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(u) Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the time the proceeds are received, net of direct issue costs.

Financial instruments issued by the group are treated as equity only to the extent that they do not meet the definition of a financial liability.

2. Summary of significant accounting policies (continued)

(u) Financial liabilities and equity instruments (continued)

Convertible Notes
The component of Convertible Notes that exhibits the characteristics of a liability is recognised as a liability in the statement of financial position.

On issuance of the Convertible Note, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or repayment.

The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity where material.

Issue costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

The carrying amount of the conversion option is not remeasured in subsequent years. Interest on the liability component of the Convertible Note is recognised as an expense in the profit or loss.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities
The group de-recognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

(v) Rehabilitation provision

Provisions are made for mine rehabilitation and restoration when there is a present obligation as a result of exploration, development, production, transportation or storage activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

The provision for rehabilitation costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration, development and milling facilities is capitalised into the cost of the related asset and depreciated/amortised on the same basis as the related asset. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

2. Summary of significant accounting policies (continued)

(w) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair value of derivatives, are determined with reference to publicly disclosed gold curve information. The value attached to the derivatives coincides with the maturity dates of the derivatives and this value is then discounted back using the base rate of interest as published by the Reserve Bank.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in the hedge reserve in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

(x) Employee benefits

(i) *Wages and salaries, annual and sick leave*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Amounts of unpaid annual leave are included as other current payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) *Long service leave*
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Superannuation*
The group makes contributions to accumulation superannuation funds. Contributions are recognised as an expense as they become payable.

2. Summary of significant accounting policies (continued)

(x) Employee benefits (continued)

(iv) *Share-based payments*
Share-based compensation benefits are provided to employees via the Norton Gold Fields Limited Employee Share Ownership Plan (for shares) and the Employee Share Option Plan (for options). Information relating to these schemes is set out in note 39.

The fair value of shares or options granted under the Employee Share Ownership Plan or Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which employees become unconditionally entitled to the shares or options.

The fair value at grant date for shares is determined by the market price at that date. The fair value for options is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, from the date of the modifications, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(v) *Bonus plans*
The group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) *Termination benefits*
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(y) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

If the entity re-acquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

2. Summary of significant accounting policies (continued)

(z) Earnings per share

(i) *Basic earnings per share*
Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

(ii) *Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(aa) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(bb) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(cc) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(dd) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The group's assessment of the impact of the relevant new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2015)*

AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The group has not yet decided when to adopt AASB 9.

2. Summary of significant accounting policies (continued)

(dd) New accounting standards and interpretations (continued)

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities, revised* AASB 127 *Separate Financial Statements and* AASB 128 *Investments in Associates and Joint Ventures and* AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)*

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

The group's investment in the joint venture partnership will be classified as a joint venture under the new rules. As the group already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The group is still assessing the impact of these amendments.

The group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014. AASB 10 Consolidated Financial Statements (effective from 1 January 2013)

(iii) AASB 13 *Fair Value Measurements* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13(effective 1 January 2013)*

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

2. Summary of significant accounting policies (continued)

(dd) New accounting standards and interpretations (continued)

(iv) Revised AASB 119 *Employee Benefits*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from* AASB 119 (September 2011) and AASB 2011-11 *Amendments to* AASB 119(*September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)*

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. The group does not currently have any defined benefit plans and is not expecting that the standard will have a financial impact.

(vi) Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)*

In November 2011, the AASB issued Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine which is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

The group currently accounts for stripping costs as a separate asset and depreciates it over the expected useful life of the mine, rather than the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity asset.

Interpretation 20 clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories if benefits from the stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current stripping activity asset if certain recognition criteria are met. In such cases, stripping activity asset must be accounted for as an addition to, or enhancement of, an existing asset, and will be classified as either tangible or intangible, according to the classification of the assets of which it forms a part. It will be amortised over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

When this interpretation is first adopted for the 30 June 2014 year end, retrospective restatement is only required from the beginning of the earliest period presented, i.e. 1 July 2012. The company has not yet assessed the impact of the standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Summary of significant accounting policies (continued)

(ee) Parent entity financial information

The financial information for the parent entity, Norton Gold Fields Limited, disclosed in note 33 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Norton Gold Fields Limited.

(ii) Tax consolidation legislation
Norton Gold Fields Limited and its wholly-owned Australian entities have implemented the tax consolidation legislation.

The head entity, Norton Gold Fields Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Norton Gold Fields Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Norton Gold Fields Limited for any current tax payable assumed and are compensated by Norton Gold Fields Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Norton Gold Fields Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(iii) Share-based payments
The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances. The key estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. Critical accounting estimates and judgements (continued)

Capitalised mining costs
Capitalised mining costs are assessed for impairment when facts and circumstances suggest that the carrying amount of mine properties may exceed the recoverable amount. Management takes into consideration future price of gold, future cash flow of the specific mining property, an estimated discount rate and estimates of remaining life of a particular mining asset. Management considers the facts and circumstances at each reporting period that would indicate whether the consolidated entity should test mine properties for impairment.

The impairment assessment was based on future estimated cash flows expected over the life of mine, using a gold price of $1,600 per oz (2011: $1,400 per oz) and pre-tax discount rate of 15%.

Rehabilitation provision
Paddington Gold Pty Ltd and Bellamel Mining Pty Ltd are required by the West Australian Department of Industry and Resources to ensure that appropriate rehabilitation is carried out on tenements that are mined. The amount of rehabilitation cost is an estimate based upon the estimated life of each mined tenement, as well as the future timing and cost of such rehabilitation. The provision is constantly revised as information about the life of mine, depth of mining and cost estimates are updated. Refer to note 22.

Recoverability of deferred tax assets
In determining the recoverability of the recognised deferred tax assets, management prepared and reviewed an analysis of estimated future results which support the future realisation of the deferred tax assets. The estimated future results have been derived from estimates also used for impairment assessments referred to in the notes to the consolidated financial statements. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets reported at the reporting date could be impacted.

JORC Compliant Resources and Reserves affecting amortisation
Accounting policy 3(s) 'Capitalisation and amortisation of mining costs' states that the capitalised mining costs are amortised over the estimated economic life of the mining assets, on a units-of-production basis. The units-of-production basis is based on gold produced compared to total expected gold production over the life of the mine. Total expected gold production is based upon the resources and reserves for each mine. These resources and reserves are based upon a competent person evaluation which is Joint Ore Reserve Committee (JORC) Code compliant. These estimates are updated as further drilling and mining information becomes available. In addition, the life of each mine is assessed on a quarterly basis. The life of mine has due regard to both its physical life limitations and the present assessments of economically recoverable reserves of the mine property at which it is located. As a result, future amortisation rates may increase or decrease dependent upon changes to a mine's mineral resources and ore reserves over the life of that mine.

4. Segment information

Identification of reportable segments
The group has identified its operating segments based on the internal reports that are reviewed by the chief operating decision makers (the board of directors) in assessing performance and in determining the allocation of resources.

The group operates in the gold mining industry and derives virtually all revenue from the sale of gold. The operating segments identified by management are Paddington operations and Mount Morgan project.

Description of segments
The consolidated entity has identified its reportable operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources. Its reporting is on an operational basis.

The reportable segments broadly align with two geographical locations in Australia as this is the source of the consolidated entity's major assets and operating activities which has the most effect on rates of return. The reportable segments are identified as follows:

- Paddington operations: this segment involves the Paddington and Bellamel tenements in Western Australia engaged in exploration, gold mining, processing of ore, and selling of gold bullion.
- Mount Morgan project: Mount Morgan is engaged in the evaluation, development, construction and eventual operation of a gold tailings recovery and processing operation in Queensland.

Segment information
The following table presents information for reportable segments for the years ended 30 June 2012 and 30 June 2011:

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
Year ended 30 June 2012			
Total segment revenue	245,912	-	245,912
Intersegment revenue	-	-	-
Revenue from external customers	245,912	-	245,912
Segment result	85,695	(361)	85,334
Intersegment eliminations	-	-	-
Group allocated segment result	85,695	(361)	85,334
Year ended 30 June 2011			
Total segment revenue	211,685	-	211,685
Intersegment revenue	-	-	-
Revenue from external customers	211,685	-	211,685
Segment result	51,023	(342)	50,681
Intersegment eliminations	-	-	-
Group allocated segment result	51,023	(342)	50,681

The focus is on both the revenue and operating costs incurred by the operations which does not include any inter group charges. Hence, the board monitors segment performance based on the segment result (which excludes certain profit or loss items as well as other comprehensive income that relate to that incurred by the corporate office).

4. Segment information (continued)

Reconciliation of segment result to profit (loss) before income tax is as follows:

	2012 $'000	2011 $'000
Group allocated segment result	85,334	50,681
Hedging loss	(10,618)	(10,618)
Write off / impairment of exploration assets	-	(12,999)
Depreciation and amortisation	(40,676)	(23,226)
Finance income	4,323	3,531
Finance costs	(9,284)	(12,447)
Corporate office activities	(8,994)	(7,962)
Other income (refer note 7)	-	33,999
Other	(121)	(198)
Profit before income tax	19,964	20,761

The write off / impairment of assets relate to assets included in the Paddington operations segment.

Segment assets are allocated based on the operations of the segment and which segment enjoys the risks and benefits of ownership (as opposed to legal ownership).

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
Total segment assets			
Year ended 30 June 2012	187,812	12,395	200,207
Year ended 30 June 2011	172,610	12,395	185,005

Reconciliation of segment assets to the group's assets is as follows:

	2012 $'000	2011 $'000
Group allocated assets	200,207	185,005
Unallocated:		
Trade and other receivables	487	597
Cash and cash equivalents	55,460	35,950
Deferred tax assets	10,278	15,462
Exploration and evaluation assets	652	652
Property, plant and equipment	36	71
Deferred settlement receivable (refer note 20)	9,337	13,206
Other assets	38	54
Other	(442)	(442)
Total assets	276,053	250,555

4. Segment information (continued)

Information on additions to non-current assets associated with segments is provided on a regular basis to the board of directors.

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
Additions to non-current assets			
Year ended 30 June 2012	37,025	-	37,025
Year ended 30 June 2011	49,265	-	49,265

The liabilities measure is not disclosed as the board does not focus on liabilities at a segment level for the purposes of making strategic decisions about the allocation of resources.

Revenue of $245.912 million (2011: $211.685 million) is derived from a single domestic customer The Perth Mint.

Assets are located in Australia.

5. Revenue

	2012 $'000	2011 $'000
Sales revenue		
Gold sales at spot	244,858	210,741
Silver sales	1,054	944
Total sales revenue	245,912	211,685

6. Cost of sales

Mining expenses	83,978	70,708
Milling costs	35,492	33,700
Maintenance	19,444	17,960
Haulage	20,356	19,728
Royalties	6,554	5,745
General site costs	12,060	11,832
Change in inventories	(17,005)	355
Depreciation and amortisation	40,621	23,169
Total cost of sales	201,500	183,197

7. Other income

Gain on sale of coal assets	-	24,933
Gain on refinance of Lehman Note	-	9,063
Other	637	3
	637	33,999

	2012	2011
8. Administrative expenses	**$'000**	**$'000**
Office expenditure	5,919	6,397
Depreciation	55	57
Rental expense	139	121
Insurance	102	110
Directors' fees	276	329
Professional and consulting fees	3,015	2,174
	9,506	9,188

9. Employee benefits

Salaries, wages, and related costs (including executive directors)	30,648	23,676
Non cash share-based payments	341	1,208
Superannuation contributions (defined contribution)	2,656	2,032
	33,645	26,916

10. Net finance costs

Finance income		
Unwinding of deferred receivable discount	1,131	361
Interest	3,192	3,170
	4,323	3,531
Finance expense		
Convertible Note interest (including unwinding of discount)	-	590
Secured Note facility	9,284	11,400
Other	-	457
	9,284	12,447
Total net finance costs	4,961	8,916

11. Income tax

Income tax expense		
Current tax		
- current tax	-	-
- adjustment for previous years	(683)	94
Deferred tax		
- origination and reversal of temporary differences	8,136	7,619
Total income tax expense (benefit)	8,136	7,619

11. Income tax (continued)	2012 $'000	2011 $'000
Reconciliation of income tax expense to prima facie tax		
Profit before income tax expense	19,964	20,761
Tax expense at 30% (2011: 30%)	5,989	6,228
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Entertainment	1	1
Share-based payments	101	363
Interest	347	177
Gain on refinance of Lehman Note	-	(2,719)
Other	-	22
	6,438	4,072
Under provision in prior years	1,698	3,547
Income tax expense	8,136	7,619
Income tax expense relating to items of other comprehensive income		
Reclassification adjustment for the hedging loss included in profit and loss	3,186	3,185

No amounts have been recognised directly in equity.

12. Current assets – Cash and cash equivalents

	2012 $'000	2011 $'000
Cash at bank and in hand	20,891	21,775
Term deposits	35,000	15,000
	55,891	36,775

The term deposits have an average weighted remaining maturity at year end of 11 days (2011: 47 days). These funds are however available at call if required at any point in time with minimal cost involved.

Risk exposure

The group's exposure to interest rate risk is discussed in note 29. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Covenants

The covenants detailed in the Secured Note deed relating to the Secured Note facility detailed in note 23 requires that a minimum of $10 million should be maintained as a cash balance at all times.

	2012	2011
13. Current assets – Trade and other receivables	**$'000**	**$'000**
Trade receivables	3,429	2,997
Other receivables	1,908	1,545
Interest receivable	433	528
Prepayments	690	642
	6,460	5,712

Trade receivables
Trade receivables relate mainly to gold sales. The group has determined the credit risk is low as gold is only sold to Perth Mint which is perceived as reliable and has short contractual payment terms.

Other receivables
Other receivables arise from usual operating activities of the group and the majority is in relation to outstanding refunds of input tax credits and diesel fuel rebates from the government. As such, the group believes the credit quality of these other receivables to be very high. These are non-interest-bearing and are generally on 30 day terms.

Interest receivable
The interest receivable is due from major financial institutions (National Australia Bank, Suncorp and Bank West).

Fair value and credit risk
Due to the short term nature of these receivables, the carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivable mentioned above. None of these current assets are considered past due or impaired. Collateral is not normally obtained.

	2012	2011
14. Current assets – Inventories	**$'000**	**$'000**
Raw materials and stores at cost	10,200	9,913
Provision for obsolescence	(741)	(799)
	9,459	9,114
Ore stockpile at cost	21,855	6,423
Gold in circuit at cost	4,586	3,012
	35,900	18,549

15. **Assets classified as held for sale**

Non-current asset held for sale		
Mount Morgan project assets	-	11,750

In the prior year, the directors of Norton Gold Fields Limited resolved for management to investigate options to sell its Mount Morgan project assets (including tenement assets and a parcel of property, plant and equipment). No sale eventuated in the 2012 financial year. Management is currently reconsidering their options in relation to the asset, and as such re-classified the asset as no longer held for sale.

16. Deferred tax assets

	2012 $'000	2011 $'000
Deferred tax assets are attributed to the following:		
Capital costs	473	974
Property, plant and equipment	3,284	3,762
Rehabilitation provision	7,189	7,601
Mining information	2,608	7,112
Tax losses	10,510	21,941
Trade payables	673	35
Other receivables	199	538
Employee benefits	1,080	737
	26,016	42,700
Set-off of deferred tax liabilities pursuant to set-off provisions (note 24)	(15,738)	(27,239)
Net deferred tax assets	10,278	15,461

Movements – 2012	Opening balance $'000	(Charged)/ Credited to profit or loss $'000	(Charged)/ Credited directly to equity $'000	(Charged)/ Credited directly to other comprehensive income $'000	Closing balance $'000
Hedge reserve	-	3,185	-	(3,185)	-
Capital costs	974	(501)	-	-	473
Property, plant and equipment	3,762	(478)	-	-	3,284
Rehabilitation provision	7,601	(412)	-	-	7,189
Mining information	7,112	(4,504)	-	-	2,608
Tax losses	21,941	(11,431)	-	-	10,510
Trade payables	35	638	-	-	673
Other receivables	538	(339)	-	-	199
Employee benefits	737	343	-	-	1,080
	42,700	(13,499)	-	(3,185)	26,016

16. Deferred tax assets (continued)

Movements – 2011	Opening balance $'000	(Charged)/ Credited to profit or loss $'000	(Charged)/ Credited directly to equity $'000	(Charged)/ Credited directly to other comprehensive income $'000	Closing balance $'000
Hedge reserve	-	3,185	-	(3,185)	-
Derivative financial instruments	25,771	(25,771)	-	-	-
Capital costs	1,557	(583)	-	-	974
Property, plant and equipment	3,762	-	-	-	3,762
Rehabilitation provision	7,641	(40)	-	-	7,601
Mining information	7,620	(508)	-	-	7,112
Tax losses	10,749	11,192	-	-	21,941
Trade payables	30	5	-	-	35
Other receivables	-	538	-	-	538
Employee benefits	576	161	-	-	737
	57,706	(11,821)	-	(3,185)	42,700

17. Non-current assets – Exploration and evaluation assets

	2012 $'000	2011 $'000
Geological, geophysical, drilling and other costs for exploration and purchased mine properties – at cost	88,580	74,056
Accumulated amortisation	(12,354)	(5,884)
	76,226	68,172
The costs carried forward above have been determined as follows:		
Opening balance	68,172	76,077
Costs incurred during the year	14,524	9,225
Disposal	-	(1,390)
Amortisation	(6,470)	(2,741)
Exploration assets written off	-	(12,999)
Closing balance	76,226	68,172

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective mining areas.

Significant item of expense

The exploration written off of $12.999 million in 2011 related to exploration costs capitalised in prior years that no longer qualify to be capitalised as these costs were no longer expected to be recouped through further development and exploration in the near future and/or exploration was no longer continuing in the areas that the costs relate to. These amounts related to the Paddington Operations segment.

18. Non-current assets – Capitalised mining costs

	2012 $'000	2011 $'000
Capitalised mining costs - at cost	117,256	89,726
Accumulated amortisation	(83,144)	(52,136)
	34,112	37,590

The capitalised mining costs carried forward above have been determined as follows:		
Opening balance	37,590	34,661
Costs incurred during the year	21,008	28,240
Assets re-classified (classified) from / as held for sale	6,522	(6,522)
Amortisation	(31,008)	(18,789)
Closing balance	34,112	37,590

19. Non-current assets – Property, plant and equipment

	2012 $'000	2011 $'000
Plant and equipment		
Cost	37,658	30,918
Accumulated depreciation	(9,668)	(6,522)
	27,990	24,396
Building improvements		
Cost	860	860
Accumulated depreciation	(738)	(686)
	122	174
Total written down value	28,112	24,570

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

Consolidated	Plant and equipment $'000	Building improvements $'000	Total $'000
Carrying value			
Balance at 30 June 2010	19,598	101	19,699
Additions	11,678	122	11,800
Assets classified as held for sale	(5,228)	-	(5,228)
Assets written off	(5)	-	(5)
Depreciation	(1,647)	(49)	(1,696)
Balance at 30 June 2011	24,396	174	24,570
Additions	1,512	-	1,512
Assets re-classified from held for sale	5,228	-	5,228
Depreciation	(3,146)	(52)	(3,198)
Balance at 30 June 2012	27,990	122	28,112

20. Other assets

	2012 $'000	2011 $'000
Current		
Deferred settlement receivable	9,337	4,707
Non-current		
Deferred settlement receivable	-	8,499
Security deposits	19,737	18,770
	19,737	27,269
Total other assets	29,074	31,976

Deferred receivable

The deferred settlements receivable relates to the remaining proceeds of $15.000 million still to be received at 30 June 2011, in relation the sale of EPC 1033, comprising Norton Gold Fields Limited's Sienna and Electra coal projects, to Boardwalk Sienna Pty Ltd. $5.000 million was received per the agreement in February 2012. The remaining funds of $10.000 million are to be received on 14 March 2013, and are secured by way of a fixed charge over the tenements. The deferred settlement receivable has been discounted using a rate of 10%.

Security deposits

Included in security deposits is $19.737 million (2011: $18.770 million) that has been collateralised against guarantees provided by the National Australia Bank in favour of the West Australian Department of Industry and Resources for rehabilitation costs. These term deposits are at interest rates between 5.31% and 6.0% per annum (2011: between 5.59% and 6.0%). These deposits are not released until the rehabilitation obligation of the group is satisfied.

Fair value

The fair values of other assets approximate their carrying values. The fair value of the deferred settlement receivable is based on cash flows discounted using a 10% discount rate.

Risk exposure

Information about the group's exposure to credit risk and interest rate risk is provided in note 29.

21. Current liabilities – Trade and other payables

	2012 $'000	2011 $'000
Unsecured liabilities		
Trade payables	11,116	10,890
Other payables and trade accruals	20,073	16,644
Accrued interest	1,648	751
	32,837	28,285

22. Provisions

	2012 $'000	2011 $'000
Current		
Rehabilitation	2,425	1,604
	2,425	1,604
Non-current		
Employee benefits	693	688
Rehabilitation	21,538	23,733
	22,231	24,421
Total provisions	24,656	26,025

Movements in provisions are set out in the table below:

	Mine rehabilitation $'000	Employee benefits $'000	Total $'000
Opening balance	25,337	688	26,025
Provision utilised	(1,575)	-	(1,575)
Additional provisions	201	5	206
Closing balance	23,963	693	24,656

Mine rehabilitation

A provision has been recognised for the costs to be incurred for the restoration of mining sites used for the exploration and mining of gold. It is anticipated that various mines will require restoration within the next 10 years.

Employee benefits

The employee benefits provision represents the provision for long service leave. It includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to a pro-rata payment in certain circumstances.

23. Financial liabilities

	2012 $'000	2011 $'000
Current		
Senior Note	5,000	30,000
Subscription fee	(1,262)	-
	3,738	30,000
Non-current		
Senior Note	42,388	50,272
Net subscription fee	(1,580)	-
	40,808	50,272
Total financial liabilities	44,546	80,272

Senior Secured Note with Merrill Lynch

On 19 July 2010, the company entered into an agreement to settle the Lehman Brothers Commercial Corporation hedge litigation. This agreement resulted in the replacement of the hedge instrument with a loan note ("Lehman Note").

On 15 April 2011 the company exercised its Right of First Refusal to buy back the Lehman Note. The purchase of the Lehman Note was financed through a Senior Note facility provided by Merrill Lynch ("Senior Secured Note") on more favourable terms.

Merrill Lynch retains a first ranking fixed and floating charge over the assets of the group as security for the Senior Secured Note and imposes certain covenants on the group.

On 13 July 2011, the company issued 25,000,000 shares to Merrill Lynch as a subscription fee under the refinancing. The subscription fee is being unwound over the life of Senior Secured Note.

<u>Payment terms of the Merrill Lynch Senior Note</u>

The principal will be paid in four instalments with $5 million to be paid in March 2013 and September 2013 and the balance to be paid in two equal instalments in March 2014 and September 2014. Interest is paid half yearly on all outstanding amounts at an annualised rate of 11%. Additional interest is payable in kind (PIK) and is compounded half yearly on all outstanding amounts at an annualised interest rate of 4%.

The terms of the Senior Secured Note allowed for an early repayment of up to $30.000 million which was paid on 3 September 2011, penalty free. On 2 March 2012 the company made an additional voluntary repayment of $5.000 million, upon receiving the second instalment from the sale of its non-core coal asset in December 2010.

<u>Interest rate risk</u>

The Senior Note is recognised as a fixed interest bearing liability and is measured at amortised cost. As a fixed interest bearing liability the Senior Secured Note is not sensitive to interest rate changes.

24. Deferred tax liabilities

	2012 $'000	2011 $'000
Deferred tax liabilities comprise temporary differences:		
Deferred exploration and evaluation costs	22,747	21,348
Capitalised mining costs	79	6,262
Inventories	2,838	2,734
	25,664	30,344
Set-off of deferred tax liabilities pursuant to set- off provisions (note 16)	(15,738)	(27,239)
Net deferred tax liabilities	9,926	3,105

24. **Deferred tax liabilities (continued)**

	Opening balance $'000	(Credited) Charged to profit or loss $'000	Closing balance $'000
Movements – 2012			
Deferred exploration and evaluation costs	21,348	1,399	22,747
Capitalised mining costs	6,262	(6,183)	79
Inventories	2,734	104	2,838
	30,344	(4,680)	25,664

	Opening balance $'000	(Credited) Charged to profit or loss $'000	Closing balance $'000
Movements – 2011			
Deferred exploration and evaluation costs	21,857	(509)	21,348
Capitalised mining costs	10,120	(3,858)	6,262
Inventories	2,411	323	2,734
Other receivables	252	(252)	-
	34,640	(4,296)	30,344

25. Contributed equity	2012 $'000	2012 Shares	2011 $'000	2011 Shares
(a) **Share capital**				
Fully paid ordinary shares	174,252	849,580,265	142,633	685,880,265
Convertible Note equity component	-	-	-	-
	174,252	849,580,265	142,633	685,880,265

25. **Contributed equity (continued)**

(b) Movements in ordinary share capital

	Note	Number of shares	Issue price $	$'000
Balance – 30 June 2010		619,221,158		128,345
Conversion of Convertible Notes	*(i)*	56,800,000	0.21	11,923
Conversion of Convertible Notes – equity component	*(i)*	-	-	1,109
Employee options exercised	*(ii)*	3,000,000	0.12	360
Employee employment contract performance share issues	*(iii)*	2,380,000	-	-
Listed options exercised	*(iv)*	4,479,107	0.20	896
Balance - 30 June 2011		685,880,265		142,633
Shares issued to Zijin for cash-tranche 1	*(v)*	72,100,000	0.20	14,420
Shares issued to Zijin for cash-tranche 2	*(v)*	66,250,000	0.20	13,250
Shares issued to Merrill Lynch as a subscription fee	*(vi)*	25,000,000	0.16	4,000
Employee employment contract performance share issues	*(iii)*	350,000	-	-
Share issue costs		-		(51)
Balance - 30 June 2012		849,580,265		174,252

(i) *Conversion of Convertible Notes*
The company redeemed $23.800 million worth of Convertible Notes at the August 2010 redemption value, (which included a 5% premium to the face value of the Convertible Notes), and the remaining Convertible Notes were converted into shares at $0.25 per share (market price on conversion date was $0.21) resulting in the issue of 56.800 million shares. Upon the redemption and conversion of Convertible Notes, the equity component of the Convertible Notes were reclassified.

(ii) *Exercise of Options*
See note 39 for further information for options issued in the current or previous financial year.

(iii) *Employee Employment Contract Performance Share Issues*
Ordinary shares were issued to a number of employees (both key management personnel and other employees) as part of their employment contracts subject to various vesting conditions. Nil consideration was paid by the employees. Refer note 39 for further information.

(iv) *Listed options exercised*
Listed options expiring on 8 October 2010, were exercised at $0.20. The remaining 3,796,293 listed options expired on 8 October 2010.

(v) *Shares issued to Zijin for cash*
On 26 July 2011, the company announced a private placement with Zijin Mining Group Co., Ltd (Zijin), a Shanghai and Hong Kong listed company of 138,350,000 shares at a price of $0.20 per share. The placement consisted of two tranches, 72,100,000 shares issued on 29 July 2011 and 66,250,000 shares issued on 2 September 2011.

(vi) *Shares issued to Merrill Lynch as a subscription fee*
In July 2011, the company issued 25,000,000 shares to Merrill Lynch as a subscription fee under the refinancing announced on 18 April 2011.

25. **Contributed equity (continued)**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll each share is entitled to one vote. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised share capital and issued shares do not have a par value.

(d) Options

Information relating to share-based payments, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 39.

As at 30 June 2012, the number of options to purchase ordinary shares in the company were as follows:

Type	Number of options at 30 June 2012	Number of options at 30 June 2011	Exercise price	Expiry date
Type 15	-	1,000,000	$0.30	31 December 2011
Type 16	-	300,000	$0.35	31 December 2011
Type 19	12,000,000	17,000,000	$0.20	13 September 2015
Type 20	4,000,000	-	$0.20	9 January 2017
	16,000,000	18,300,000		

(e) Capital management

The group's objectives when managing capital are to maintain a strong capital base capable of withstanding cash flow variability, whilst providing the flexibility to pursue its goals. The group aims to maintain an optimal capital structure to minimise cost of capital and maximise shareholder returns. The group's capital program is reviewed, updated and approved by the board at least annually. There are no externally imposed capital requirements.

The capital structure of the group consists of debt in the form of financial liabilities as disclosed in note 23, cash and cash equivalents and equity.

The group balances its overall capital structure through the following mechanisms: the issue of new shares, share buy-backs, capital returns, as well as the issue of new debt or redemption of existing debt and cash flow management.

25. **Contributed equity (continued)**

(e) Capital management (continued)

The group's gearing ratio is monitored and maintained at a level that is appropriate for its growth plans. The group calculates its gearing ratio as net debt divided by total capital. Net debt is calculated as debt (refer note 23) less cash and cash equivalents. Total capital is calculated as total equity plus net debt. In the event that cash and cash equivalents are greater than total debt, net debt is taken to be nil. The group's gearing ratios at 30 June 2012 and 30 June 2011 was as follows:

	Notes	2012 $'000	2011 $'000
Total debt	23	47,388	80,272
Less: cash and cash equivalents		(55,891)	(36,775)
Net debt		(8,503)	43,497
Total equity		164,088	112,868
Total capital		155,585	156,365
Gearing ratio		-	27.8%

The decrease in gearing ratio is a result of a strong gold price increasing the group's cash position.

The group has no franking credits available for use.

26. Reserves and accumulated losses

(a) Reserves

	2012	2011
Hedge reserve	-	(7,432)
Share-based payment reserve	10,564	10,223
	10,564	2,791

Movements:

	2012	2011
Hedge reserve		
Balance 1 July	(7,432)	(14,865)
Reclassification adjustment recognised in profit / (loss)	10,618	10,618
Deferred tax	(3,186)	(3,185)
Balance 30 June	-	(7,432)
Share-based payments reserve		
Balance 1 July	10,223	9,015
Option expense	341	1,208
Balance 30 June	10,564	10,223

(b) Accumulated losses

Movements in accumulated losses were as follows:

	2012	2011
Balance 1 July	(32,556)	(45,698)
Net profit for the year	11,828	13,142
Balance 30 June	(20,728)	(32,556)

26. Reserves and accumulated losses (continued)

(c) Nature and purpose of reserves

Hedge reserve
The hedge reserve represents the amount fixed at 15 September 2008 (date as at which the former cash flow hedge reserve became ineffective). The reserve is progressively reclassified to profit and loss over the remaining period for which underlying gold sales occur.

Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of share based payments provided to employees as part of their remuneration.

27. Key management personnel disclosures

i. Key management personnel compensation

	2012 $	2011 $
Short term employee benefits	1,814,952	1,618,527
Post-employment benefits	85,739	85,764
Long-term benefits	5,986	1,772
Termination benefits	-	-
Share based payments	401,600	619,531
Total	2,308,277	2,325,594

ii. Equity instrument disclosures relating to key management personnel

Option holdings
The number of options over ordinary shares in the company held during the financial year by key management personnel of the group, including their personally related entities, are set out below. There were no vested options at the end of the financial year. No other KMP held options in 2011 or 2012. No options were exercised in 2011 or 2012.

Name	Balance at start of year Number	Granted as compensation during the year Number	Cancelled during the year Number	Other changes during the year* Number	Balance at end of year Number	Vested and exercisable at end of year Number
2012						
Directors						
W. Andrè Labuschagne	8,000,000	-	-	-	8,000,000	-
Mark Wheatley	5,000,000	-	-	(5,000,000)	-	-
Other key management personnel						
Robert Brainsbury	4,000,000	-	-	-	4,000,000	-
Ian Sheppard	-	4,000,000	-	-	4,000,000	-
Total	17,000,000	4,000,000	-	(5,000,000)	16,000,000	-

*Other changes relate to options that were forfeited due to resignation

Name	Balance at start of year Number	Granted as compensation during the year Number	Cancelled during the year Number	Other changes during the year Number	Balance at end of year Number	Vested and exercisable at end of year Number
2011						
Directors						
W. Andrè Labuschagne	-	8,000,000	-	-	8,000,000	-
Mark Wheatley	-	5,000,000	-	-	5,000,000	-
A. Timothy Prowse	8,680,000	-	-	(8,680,000)	-	-
Other key management personnel						
Robert Brainsbury	-	4,000,000	-	-	4,000,000	-
Total	8,680,000	17,000,000		(8,680,000)	17,000,000	-

27. Key management personnel disclosures (continued)

ii. Equity instrument disclosures relating to key management personnel (continued)

Share holdings
The numbers of shares in the company held during the financial year by key management personnel of the group, including their personally-related entities, are set out below.

Name	Balance at start of year Number	Net changes – purchases (sales) on market Number	Exercise of options Number	Other changes* Number	Remuneration during the year Number	Balance at end of year Number	Balance held nominally Number
2012							
Directors							
A. Timothy Prowse	19,865,792	-	-	-	-	19,865,792	-
W. Andrè Labuschagne	181,000	-	-	-	-	181,000	-
Other key management personnel							
Terrance Moylan	700,000	-	-	-	-	700,000	-
Peter Ruzicka	490,000	-	-	-	-	490,000	-
Total	21,236,792	-	-	-	-	21,236,792	-

*Represent movements for executives that are no longer in the company's employment at year end.

Name	Balance at start of year Number	Net changes – purchases (sales) on market Number	Exercise of options Number	Other changes* Number	Remuneration during the year Number	Balance at end of year Number	Balance held nominally Number
2011							
Directors							
A. Timothy Prowse	21,700,001	(1,834,209)	-	-	-	19,865,792	-
W. Andrè Labuschagne	800,000	(619,000)	-	-	-	181,000	-
Ian McCauley	17,800,000	-	-	(17,800,000)	-	-	-
Other key management personnel							
Terrance Moylan	-	-	-	-	700,000	700,000	-
Peter Ruzicka	-	-	-	-	490,000	490,000	
Total	40,300,001	(2,453,209)	-	(17,800,000)	1,190,000	21,236,792	-

* Represent movements for executives that are no longer in the company's employment at year end.

iii. Loans with key management personnel

There are no loans with key management personnel.

iv. Other transactions with key management personnel

Consulting fees of $57,500 were paid to Mr Wheatley. Upon Mr Wheatley's resignation it was agreed that the company would engage him as a consultant to assist in an orderly handover to a new chairman and to provide assistance to the managing director for a six month period, commencing upon his date of resignation for a total fee of $57,500.

Consulting fees of $77,901 were paid to Micona Mining an affiliate company of Tim Prowse.

All transactions with key management personnel were made on terms equivalent to those that prevail in arm's length transactions.

28. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2012 $	2011 $
(a) Audit services		
BDO Audit Pty Ltd		
Audit and review of financial reports	166,062	194,492
Total remuneration for audit services	166,062	194,492
(b) Non-audit services		
BDO Audit Pty Ltd	-	-
Total remuneration for non-audit services	-	-
Total remuneration	166,062	194,492

29. Financial instruments

(a) Financial risk management objectives, policies and processes

The group's corporate treasury function provides services to the business and monitors and manages the financial risks relating to the operations of the group. These risks include market risk (including gold price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function.

Risk management is centrally managed by group treasury which operates under a policy framework that involves overview by senior management and the board of directors. Group treasury identify, qualify, evaluate and where considered prudent, manage financial risks in accordance with established written policies covering specific areas.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(b) Financial instruments held by group

	2012 $'000	2011 $'000
Financial assets		
Cash and cash equivalents	55,891	36,775
Trade and other receivables	6,460	5,712
Other assets (refer note 20)	29,074	31,976
	91,425	74,463
Financial liabilities		
Trade and other payables	32,837	28,285
Financial liabilities - borrowings	44,546	80,272
	77,383	108,557

29. **Financial instruments (continued)**

(c) Price risk

The group is predominantly exposed to gold price risk from its normal trading activities. The exposure is closely monitored and where it is considered prudent may be managed with financial derivatives in accordance with the approved policy framework. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provides written principles on this risk. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. There were no derivatives in use at 30 June 2012.

(d) Credit risk

The group's carrying amounts of financial assets recognised in the statement of financial position, and disclosed in more detail in the notes to the financial statements, best represent the group's maximum exposure to credit risk at the reporting date.

The group treasury policy for deposit transactions requires deposits with financial institutions holding a benchmark credit rating. At balance date, cash and deposits were held with National Australia Bank, Suncorp, and ANZ Banking Group. Cash has been spread over these major financial institutions to reduce credit risk. The group's trade receivables relate mainly to gold sales. The group has determined that the risk is low, as the gold is only sold to one party, The Perth Mint, which is perceived as reliable and has short contractual payment terms. For other receivables refer to note 13.

Other assets include security deposits and a deferred settlement receivable in relation to the sale of coal assets (refer note 20). The sale agreement was reached with a reputable and reliable third party, who has to date fully complied with the terms of the sale agreement. The deferred settlement receivable is also secured by way of a fixed charge over the tenements. The credit risk is perceived as low.

(e) Liquidity risk

The liquidity position of the group is managed to ensure sufficient liquid funds are available to meet the group's financial commitments in a timely and cost-effective way. The group evaluates operating cash flows regularly and assesses performance against capital commitments to ensure liquidity.

The contractual maturities of the group's financial liabilities are as follows:

Financial liabilities	Carrying Amount $'000	Contractual Cash flows $'000	< 6 months $'000	6 months – 12 months $'000	1 year to 3 years $'000	>3 years $'000
30 June 2012						
Trade and other payables	32,837	32,837	32,837	-	-	-
Secured Note facility	44,546	62,514	2,563	7,605	52,346	-
Total	77,383	95,351	35,400	7,605	52,346	-
30 June 2011						
Trade and other payables	28,285	28,285	28,285	-	-	-
Secured Note facility	80,272	103,852	32,290	2,804	40,928	27,830
Total	108,557	132,137	60,575	2,804	40,928	27,830

In addition, the group holds sufficient financial assets that are either cash or cash equivalents as operating capital. The group also holds assets that will be converted to cash in the ordinary course of operations to meet liabilities in the short term, such as receivables and inventories.

29. Financial instruments (continued)

(f) Interest rate risk

The group's cash flow interest rate risk for assets primarily arises from cash at bank and deposits subject to market bank rates. Generally no interest is receivable or payable on the group's trade and other receivables or payables.

The group's interest rate risk in liabilities is primarily due to the Secured Note facility with Merrill Lynch, which is fixed at an 11% cash rate and a fixed PIK rate of 4% for the life of the note.

There is no material impact on the group's net profit or other equity reserves from a significant increase or decrease in external interest rates.

The fair value of financial assets and liabilities approximate their carrying values.

30. Contingencies

The group had no contingent liabilities at 30 June 2012 (2011: Nil)

31. Commitments

	2012 $'000	2011 $'000
Lease commitments		
Operating leases		
Commitments in relation to operating leases in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	192	102
Later than one year but not later than five years	459	-
	651	102

The property lease is a non-cancellable lease with a four-year term, with rent payable monthly in advance. Provisions within the lease agreement require the minimum lease payments shall be increased by 4% per annum. An option exists to renew the lease at the end of the four-year term for an additional term of four years. The lease allows for subletting of all lease areas.

	2012 $'000	2011 $'000
Exploration commitments		
Commitments for payments under exploration permits at the reporting date but not recognised as liabilities payable are estimated as follows:		
Within one year	7,101	6,739
Later than one year but not later than five years	30,054	28,924
Later than five years	52,651	49,431
	89,806	85,094

So as to maintain current rights to tenure of various exploration tenements, the group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements, are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Capital commitments

The group had no capital commitments for capital expenditure contracted at the reporting date (2011: Nil).

32. Related party transactions

(a) Parent entity

The ultimate Australian parent entity is Norton Gold Fields Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 34.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 27 and note 39.

(d) Transactions with related parties

Balances and transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. There were no transactions between the group and other related parties.

33. Parent entity information

The consolidated financial statements incorporate the assets, liabilities and results of Norton Gold Fields Limited in accordance with the accounting policy described in note 2(b).

Norton Gold Fields Limited	2012 $'000	2011 $'000
Current assets	55,651	36,382
Non-current assets	85,846	117,030
Total assets	141,497	153,412
Current liabilities	7,943	31,913
Non-current liabilities	40,816	50,276
Total liabilities	48,759	82,189
Net assets	92,738	71,223
Contributed equity	174,252	142,633
Reserves	10,564	2,791
Accumulated losses	(92,078)	(74,201)
Total shareholders' equity	92,738	71,223
Loss for the year	(17,875)	(8,888)
Total comprehensive loss	(10,443)	(1,455)

Guarantees
No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries except for the deed of cross guarantee referred to in note 34 (2011: Nil).

Contractual commitments
The parent entity had no contractual commitments to acquire property, plant and equipment as at 30 June 2012 (2011: Nil).

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2012 (2011: Nil).

34. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b).

Name of entity	Country of incorporation	Class of Shares	Equity holding	
			2012 %	2011 %
Paddington Gold Pty Ltd	Australia	Ordinary	100	100
Norton Gold Mines Pty Ltd	Australia	Ordinary	100	100
Australian Geoscientists No 2 Pty Ltd	Australia	Ordinary	70	70
Norton Gold Holdings Pty Ltd	Australia	Ordinary	100	100
Norton Coal Pty Ltd	Australia	Ordinary	100	100
Bellamel Mining Pty Ltd	Australia	Ordinary	100	100
Mount Morgan Mine Pty Ltd	Australia	Ordinary	100	100

Relief from preparation of financial reports for wholly owned Australian subsidiaries

A deed of cross guarantee between Norton Gold Fields Limited, Paddington Gold Pty Ltd, Norton Gold Mines Pty Ltd and Norton Gold Holdings Pty Ltd was enacted during the 2009 financial year and relief was obtained from preparing a financial report for the wholly owned subsidiaries under ASIC Class Order 98/1418. Under the deed, each entity guarantees to support the liabilities of each other entity. The above companies represent the closed group under the class order and as there are no other parties to the deed of cross guarantee that are consolidated by Norton Gold Fields Limited, they also comprise the extended closed group.

34. **Subsidiaries (continued)**

The following information summarises the consolidated statement of comprehensive income, the consolidated statement of financial position as at 30 June 2012 and the consolidated statement of changes in equity for the closed group as described above.

Consolidated statement of comprehensive income

	2012 $'000	2011 $'000
Revenue	245,912	211,685
Cost of sales	(125,925)	(147,879)
Gross profit	**119,987**	**63,806**
Other income	7,868	40,045
Administrative expenses	(9,150)	(8,772)
Write off/ Impairment	-	(11,211)
Hedging loss	(10,618)	(10,618)
Profit before net finance costs	**108,087**	**73,250**
Finance income	4,268	3,470
Financial expense	(9,284)	(12,447)
Profit before tax	103,071	64,273
Income tax expense	(30,351)	(19,028)
Profit for the year	**72,720**	**45,245**
Other comprehensive income		
Reclassification adjustment for the deferred hedging loss included in profit and loss	10,618	10,618
Income tax on items of other comprehensive income	(3,186)	(3,185)
Other comprehensive income for the year, net of tax	**7,432**	**7,433**
Total comprehensive income for the year	**80,152**	**52,678**

34. **Subsidiaries (continued)**

Consolidation statement of financial position

	2012 $'000	2011 $'000
Current Assets		
Cash and cash equivalents	55,878	36,725
Trade and other receivables	5,837	5,170
Inventories	35,900	18,549
	97,615	60,444
Asset classified as held for sale	-	9,609
Total Current Assets	97,615	70,053
Non-current Assets		
Trade and other receivables	106,152	55,962
Deferred tax assets	11,687	15,461
Other financial assets	11,773	11,773
Exploration and evaluation assets	64,807	56,986
Capitalised mining costs	20,520	14,534
Property, plant and equipment	28,089	24,510
Other assets	26,001	29,282
Total Non-current Assets	269,029	208,508
Total Assets	366,644	278,561
Current Liabilities		
Trade and other payables	32,826	28,274
Provisions	2,425	1,604
Financial liabilities	3,738	30,000
Total Current Liabilities	38,989	59,878
Non-current Liabilities		
Financial liabilities	40,808	50,272
Provisions	20,219	22,138
Deferred tax liabilities	9,883	1,639
Derivative financial instruments	-	-
Total Non-current Liabilities	70,910	74,049
Total Liabilities	109,899	133,927
Net Assets	**256,745**	**144,634**
Equity		
Contributed equity	174,251	142,633
Reserves	11,039	3,266
Accumulated profit/(losses)	71,455	(1,265)
Total Equity	**256,745**	**144,634**

34. **Subsidiaries (continued)**
Consolidated statement of changes in equity

	Contributed equity $'000	Hedge reserve $'000	Share-based payments reserve $'000	Accumulated profit/(losses) $'000	Total equity $'000
At 1 July 2010	**129,454**	**(14,865)**	**9,490**	**(46,510)**	**77,569**
Comprehensive income					
- Net profit after tax	-	-	-	45,245	45,245
- Other comprehensive income	-	7,433	-	-	7,433
Total comprehensive income	**-**	**7,433**	**-**	45,245	**52,678**
Contributions of equity, net of transaction costs and deferred tax	13,179	-	-	-	13,179
Non-cash share based payments	-	-	1,208	-	1,208
At 30 June 2011	**142,633**	**(7,432)**	**10,698**	**(1,265)**	**144,634**
Comprehensive income					
- Net profit after tax	-	-	-	72,720	72,720
- Other comprehensive income	-	7,432	-	-	7,432
Total comprehensive income	**-**	**7,432**	**-**	**72,720**	**80,152**
Contributions of equity, net of transaction costs and deferred tax	31,618	-	-	-	31,618
Non-cash share based payments	-	-	341	-	341
At 30 June 2012	**174,251**	**-**	**11,039**	**71,455**	**256,745**

35. **Events occurring after the balance sheet date**

On 1 August 2012 Jinyu (H.K.) International Mining Company Limited ("Jinyu"), a wholly owned subsidiary of Zijin Mining Group Co., Ltd, notified the company that it had obtained a relevant interest in 47.27% of Norton shares. As a result of Jinyu obtaining a relevant interest in greater than 45% of Norton's shares, a change on control provision was triggered with the company's secured debt facility with Merrill Lynch, requiring Norton to redeem the entire amount outstanding plus pay a 5% early repayment premium. The company repaid the debt using existing cash reserves and a new $38.000 million unsecured loan facility provided by Jinyu. On 2 August 2012 Jinyu notified the company that it has received acceptances for its off-market takeover (offer) for the company such that it held, at that time, a relevant interest in 48.29% of Norton shares and declared the offer free of all defeating conditions.

On 3 August 2012 the company announced and declared a special dividend of $0.02 per share in connection with the off-market takeover made by Jinyu. The $0.02 dividend declared is unfranked with a record date of 15 August 2012 and payment date of 24 August 2012.

On 3 August 2012 a restructure of the Norton Board was announced. Mr Andrè Labuschagne stepped down as Managing Director and Dr Allen Wu and Mr Xianhui Zeng resigned as non-executive directors. Mr Jinghe Chen was appointed non-executive Chairman, Dr Diamin Chen was appointed Executive Director and Mr Hanjing Xu was appointed non-executive director. On 3 August 2012, Jinyu advised that Zijin had obtained a relevant interest in 58.83% of Norton shares. On 20 August 2012 upon the official closing of the offer, Zijin had obtained an 89.15% shareholding in the company.

On 21 August 2012, Mr Andre Labuschagne, Chief Executive Officer, and Mr Robert Brainsbury, Chief Financial Officer and Co-Company Secretary left the company and Dr Diamin Chen was appointed Managing Director and Dané van Heerden appointed acting Chief Financial Officer.

Except for the matters mentioned above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the group, the result of those operations, or the state of affairs of the group in future financial years.

36. Reconciliation of profit after income tax to net cash from operating activities

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and short term deposits. Full details of cash and cash equivalents are disclosed in note 12.

	2012 $'000	2011 $'000
Reconciliation from the net profit after tax to the net cash from operating activities		
Net profit for the year	11,828	13,142
Adjustments for:		
Depreciation and amortisation	40,676	23,226
Interest on unwinding of convertible note discount	-	180
Exploration and evaluation assets written off	-	12,999
Debt settlement income	-	(358)
Loss on disposal of property plant and equipment	-	5
Hedging loss	10,618	10,618
Imputed interest on deferred settlement receivable	(1,131)	(361)
Non-cash share based payment	341	1,208
Gain on sale of coal assets	-	(24,933)
Gain on refinance of Lehman Note	-	(9,063)
Accrued interest on Senior Note	4,171	272
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(748)	10,025
(Increase)/decrease in inventories	(17,351)	(722)
(Increase)/decrease in deferred tax	8,818	7,524
Increase/(decrease) in current payables	3,655	1,884
Increase/(decrease) in current provisions	821	(109)
Increase/(decrease) in non-current provisions	(2,190)	179
Net cash from operating activities	59,508	45,716

37. Non-cash investing and financing activities

	2012	2011
Investing activities		
Settlement of derivative financial instrument into Lehman Note	-	107,000
Financing activities		
Convertible Note conversion	-	11,924
Shares for subscription fee	4,000	-
Total financing activities	4,000	11,924

38. Earnings per share	**2012 Cents**	**2011 Cents**
Basic earnings (loss) per share	1.4	2.0
Diluted earnings (loss) per share	1.4	1.9

Information concerning earnings per share:

(a) Earnings used for basic and diluted earnings per share are a profit after tax of $11,828,000 (2011: profit after tax of $13,142,000).

(b) Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Details relating to the options are set out in note 39.

(c) In prior year, Norton Gold Fields Limited exercised its right to pay the 5% subscription fee payable under the Senior Secured Note with Merrill Lynch, by issuing 25.000 million shares. The issue of shares subject to Merrill Lynch obtaining FIRB approval, which was obtained subsequent to the 30 June 2011 year end. The issue of these shares was considered dilutive and was included in the determination of diluted earnings per share. The share issue was not included in the determination of 2011 basic earnings per share.

(d) The reconciliation of weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share is as follows:

	2012 Number	**2011 Number**
Number used in calculating basic earnings per share	831,382,314	670,199,051
Weighted average number of dilutive options outstanding	1,272,727	-
Subscription shares to be issued to Merrill Lynch	-	25,000,000
Number used in calculating diluted earnings per share	832,655,041	695,199,051

39. Share-based payments

(a) Options

The group has an ownership-based compensation scheme available to all employees of the group. In accordance with the provisions of the Employee Share Option Plan as approved by shareholders on 29 November 2005, employees are granted options to purchase ordinary shares as recommended by senior management and approved by the board of directors. The exercise price is set at a price similar to the market price of Norton Gold Fields Limited's ordinary share capital at the time of recommendation. Vesting conditions, if any, are determined by senior management and the board of directors. No amounts are paid or payable by the recipient on receipt of the option. Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

39. Share-based payments (continued)

(a) Options (continued)

Set out below is a summary of options granted at 30 June 2012:

	Grant date	Expiry Date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Options forfeit during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
2012										
Type 20	09/01/2012	01/09/2017	$0.20	-	4,000,000	-	-	-	4,000,000	-
Type 19A	18/11/2010	13/09/2015	$0.20	13,000,000	-	-	(5,000,000)	-	8,000,000	-
Type 19B	02/03/2011	13/09/2015	$0.20	4,000,000	-	-	-	-	4,000,000	-
Type 16	29/04/2009	31/12/2011	$0.35	300,000	-	-	-	(300,000)	-	-
Type 15	29/04/2009	31/12/2011	$0.30	1,000,000	-	-	-	(1,000,000)	-	-
				36,791,200	4,000,000	-	(5,000,000)	(1,300,000)	16,000,000	-

Weighted average exercise price of share options for each of the following groups are:	Cents
Balance of options at start of the year	20.8
Options granted during the year	20.0
Options exercised during the year	-
Options forfeit during the year	20.0
Options expired during the year	31.2
Balance of options at the end of the year	20.0
Option exercisable at the end of the year	-

The weighted average remaining contractual life of the share options outstanding at the end of the period was 1 month (2011: 3.86 years) due to the take-over clause being triggered.

Due to a take-over clause in Type 19A and 19B options the options were exercised subsequent to year end. Please see note 27 for further details. Type 20 options were forfeited subsequent to year end due to resignation of employee.

39. Share-based payments (continued)

(a) Options (continued)

Set out below is a summary of options granted at 30 June 2011:

	Grant date	Expiry Date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Options cancelled during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
2011										
Type 19A	18/11/2010	13/09/2015	$0.20	-	13,000,000	-	-	-	13,000,000	-
Type 19B	02/03/2011	13/09/2015	$0.20	-	4,000,000	-	-	-	4,000,000	-
Type 17	25/05/2009	31/12/2010	$0.20	600,000	-	-	-	(600,000)	-	-
Type 18	13/07/2009	30/06/2011	$0.21	600,000	-	-	-	(600,000)	-	-
Type 16	29/04/2009	31/12/2011	$0.35	300,000	-	-	-	-	300,000	300,000
Type 15	29/04/2009	31/12/2011	$0.30	1,000,000	-	-	-	-	1,000,000	1,000,000
Type 14	29/04/2009	28/04/2011	$0.20	760,000	-	-	-	(760,000)	-	-
Type 13	10/10/2008	10/10/2010	$0.20	740,000	-	-	-	(740,000)	-	-
Type 11	14/04/2008	14/04/2011	$0.50	100,000	-	-	-	(100,000)	-	-
Type 9	23/08/2007	14/08/2010	$0.20	2,000,000	-	-	-	(2,000,000)	-	-
Type 6	14/11/2006	04/12/2010	$0.20	2,000,000	-	-	-	(2,000,000)	-	-
Type 5	14/11/2006	04/12/2010	$0.12	3,000,000	-	(3,000,000)	-	-	-	-
Type 3	30/04/2005	08/09/2010	$0.20	2,094,800	-	-	-	(2,094,800)	-	-
Type 2	25/02/2005	08/08/2010	$0.20	15,321,000	-	-	-	(15,321,000)	-	-
Type 1	15/09/2005	08/10/2010	$0.20	8,275,400	-	-	-	(8,275,400)	-	-
				36,791,200	17,000,000	(3,000,000)		(32,491,200)	18,300,000	1,300,000

	Cents
Weighted average exercise price of share options for each of the following groups are:	
Balance of options at start of the year	19.8
Options granted during the year	20.0
Options exercised during the year	12.0
Options cancelled during the year	-
Options expired during the year	19.3
Balance of options at the end of the year	20.8
Option exercisable at the end of the year	31.2

39. Share-based payments (continued)

Set out below are summaries of shares granted during a previous financial year that are accounted for as options:

	Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised/ Forfeit during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
JP T1	3/07/2008	2/7/2018	$0.2513	3,300,000	-	-	-	3,300,000	3,300,000

In 2009 financial year, 9,900,000 ordinary shares were issued to the managing director at the time, of which 6,600,000 shares were subject to price conditions. On the resignation of the previous managing director the 6,600,000 shares were forfeited and as a result the company had bought back the shares under the terms of the employee share scheme buy-back arrangement approved and announced on 12 May 2010. The vested 3,300,000 ordinary shares are subject to dealing restrictions until the limited recourse loan is repaid.

Fair value of options granted
The assessed fair value at grant date of options granted during the year ended 30 June 2012 was determined using a Monte Carlo Simulation option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2012 included:

Type 20 – options to Norton Gold Field employees
(a) options are granted for no consideration
(b) exercise price $0.20
(c) grant date: 9 January 2012
(d) vesting over 3 years if VWAP20 reach $0.30
(e) expiry date: 9 January 2017
(f) share price at grant date: $0.20
(g) expected price volatility of the shares: 72.1% in the expected life of option
(h) expected dividend yield: 0%
(i) risk-free interest rate: 3.31%
(j) fair value estimated: $272,042

The model inputs for options granted during the year ended 30 June 2011 included:

Type 19A – options to Norton Gold Field employees
(a) options are granted for no consideration
(b) exercise price $0.20
(c) grant date: 18 November 2010
(d) vesting over 3 years if VWAP20 reach $0.30
(e) expiry date: 13 September 2015
(f) share price at grant date: $0.20
(g) expected price volatility of the shares: 108.6% in the expected life of option
(h) expected dividend yield: 0%
(i) risk-free interest rate: 4.72%
(j) fair value estimated: $729,726

Type 19B – options to Norton Gold Field employees
(a) options are granted for no consideration
(b) exercise price $0.20
(c) grant date: 2 March 2011
(d) vesting over 3 years if VWAP20 reach $0.30
(e) expiry date: 13 September 2015
(f) share price at grant date: $0.19
(g) expected price volatility of the shares: 109.1% in the expected life of option
(h) expected dividend yield: 0%
(i) risk-free interest rate: 5.41%
(j) fair value estimated: $198,888

The weighted average fair value per option is $0.07 (2011: $0.05)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility from publicly available information.

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

(b) Ordinary Shares

(i) *Key management personnel*

The table below sets out the information on shares granted as remuneration to key management personnel in the current and prior financial year and the performance conditions required for vesting. The board in its discretion determines the conditions of the shares including number, expiry and vesting conditions.

Name	Granted No.	Grant date	Fair value per share at grant date $	Vested at 30 June 2012 No.	Other changes at 30 June 2012	Vesting conditions	Possible vesting date
2012							
Nil							
Prior financial years							
Terence Moylan	700,000	10/03/2010	$0.205	-	-	VWAP of ordinary shares is $0.70 for 5 consecutive days	June 2013
Peter Ruzicka	490,000	31/01/2009	$0.12	-	-	VWAP of ordinary shares is $0.70 for 5 consecutive days	June 2013
Total	**1,190,000**			**-**	-		

VWAP means the volume weighted average trading price of shares on ASX over a period of time.

Fair value per share is calculated as the closing share price of Norton Gold Fields Limited on grant date.

No shares have vested and issued to key management personnel in the prior year.

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

(ii) *Employees (other than key management personnel)*

The table below sets out the information on shares granted as remuneration to employees in the current and previous financial year and the performance conditions required for vesting. The board in its discretion determines the conditions of the shares including number, expiry and vesting conditions.

Some of these shares had vested at 30 June 2012, and are included in share capital at note 25. The table below outlines whether the shares were vested at 30 June 2012. The value of the shares is expensed on a pro-rata basis from grant date to the expected vesting date.

	Granted Number	Grant date	Value per share at grant date	Vested and issued at 30 June 2012	Other changes 30 June 2012	Vesting conditions	Expiry
			$	Number	Number		
2012							
Paddington Gold employee	350,000	01/02/2010	$0.20	350,000	-	12 months after employment date	Nil
Paddington Gold employee	350,000	03/01/2009	$0.285	-	-	VWAP of ordinary shares is $0.70 for five consecutive days	Nil
Paddington Gold employee	490,000	18/08/2008	$0.22	-	-	VWAP of ordinary shares is $0.70 for five consecutive days	Nil
Total	**1,190,000**			**350,000**	-		

39. Share-based payments (continued)

(ii) *Employees (other than key management personnel) (continued)*

	Granted Number	Grant date	Value per share at grant date	Vested at 30 June 2011	Other changes 30 June 2011	Vesting conditions	Expiry
			$	Number	Number		
2011							
Paddington Gold employee	350,000	01/10/2009	$0.245	350,000	-	12 months after employment date	Nil
Paddington Gold employee	350,000	01/10/2009	$0.245	-	350,000	VWAP of ordinary shares is $0.70 for five consecutive days	Nil
Paddington Gold employee	350,000	01/02/2010	$0.20	-	-	12 months after employment date	Nil
Paddington Gold employee	350,000	03/01/2009	$0.285	350,000	-	12 months after employment date	Nil
Paddington Gold employee	300,000	03/01/2009	$0.285	-	300,000	Issuer conversion right available on Convertible Notes	Nil
Paddington Gold employee	350,000	03/01/2009	$0.285	-	-	VWAP of ordinary shares is $0.70 for five consecutive days	Nil
Paddington Gold employee	490,000	01/9/2009	$0.195	490,000	-	12 months after employment date	Nil
Paddington Gold employee	420,000	01/09/2009	$0.195	-	420,000	Issuer conversion right available on Convertible Notes	Nil
Paddington Gold employee	490,000	01/09/2009	$0.195	-	490,000	VWAP of ordinary shares is $0.70 for five consecutive days	Nil
Paddington Gold employee	420,000	18/08/2008	$0.22	-	420,000	Issuer conversion right available on Convertible Notes	Nil
Paddington Gold employee	490,000	18/08/2008	$0.22	-	-	VWAP of ordinary shares is $0.70 for five consecutive days	Nil
Total	**4,360,000**			**1,190,000**	**1,980,000**		

Other changes reflect employee's forfeiture upon resignation

VWAP means the volume weighted average trading price of shares on the ASX over a period of time.

The value per share is calculated as the closing share price of Norton Gold Fields Limited on grant date.

The weighted average price of shares issued in the financial year to employees was $0.1868 per share (2011: $0.19).

Other changes explained:
The Issuer conversion right on the Convertible Notes requires that nine months elapse from the issue of the Convertible Notes (i.e. from 27 August 2008 to 27 May 2009) and that the ordinary share price for NGFL shares is over $0.375 for 20 consecutive trading days. Due to the early redemption of Convertible Notes and the share price not reaching $0.375 the vesting condition has not occurred. Other changes reflect employee's forfeiture upon resignation.

39. Share-based payments (continued)

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2012 $	2011 $
Performance shares	(17)	810
Performance options	358	399
	341	1,209

100% of share-based payment expenses relate to equity settled share-based payment transactions.

directors' declaration

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards and the Corporations Regulations 2001; and
   b) give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date.

2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The company and its wholly owned subsidiaries identified at Note 34 have entered into a deed of cross guarantee under which the company and its subsidiaries guarantee the debts of each other. At the date of this declaration, there are reasonable grounds to believe that the companies which are parties to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the directors.

Dr D. Chen
Managing Director

Brisbane
27 September 2012

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INDEPENDENT AUDITOR'S REPORT

To the members of Norton Gold Fields Limited

Report on the Financial Report

We have audited the accompanying financial report of Norton Gold Fields Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Norton Gold Fields Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Norton Gold Fields Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 39 to 49 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Norton Gold Fields Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

A J Whyte

Director

Brisbane: 27 September 2012

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 17 September 2012.

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Range of fully paid ordinary shares	Number of shareholders	Number of shares held	% of issued capital
1 – 1,000	118	32,865	0.00
1,001 – 5,000	369	1,212,127	0.14
5,001 – 10,000	209	1,809,864	0.21
10,001 – 50,000	315	8,130,915	0.94
50,001 – 100,000	67	5,458,515	0.63
100,001 and over	59	844,935,979	98.07
	1,137	861,580,265	100.00

Equity security holders

Twenty largest quoted equity security holders

The names of the 20 largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	Number held	% of issued shares
JINYU (H.K.) INTERNATIONAL MINING COMPANY LIMITED	701,840,563	81.46%
LUMINOUS GOLD LIMITED	66,250,000	7.69%
GOLDMAX ASIA INVESTMENT LIMITED	48,319,231	5.38%
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	5,526,296	0.64%
NATIONAL NOMINEES LIMITED	5,459,980	0.63%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,611,522	0.42%
BNP PARIBAS NOMS PTY LTD <MASTER CUST DRP>	1,610,820	0.19%
CITICORP NOMINEES PTY LIMITED	1,225,587	0.14%
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	1,161,243	0.13%
MR KWANG HOU HUNG	695,000	0.08%
J P MORGAN NOMINEES AUSTRALIA LIMITED	630,000	0.07%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	601,193	0.07%
PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	600,000	0.07%
PACKAGING PROCESSORS (NSW) PTY LTD < P KNAPMAN & S PARKER S/F A/C>	552,800	0.06%
MR TERENCE BERNARD MOYLAN	480,000	0.06%
BFJ CAPITAL PTY LTD <BFJ CAPITAL A/C>	415,136	0.05%
MS LAI LING WONG	397,547	0.05%
JALGRID PTY LTD <SUPERANNUATION FUND A/C>	325,000	0.05%
MEL MCGRATH PTY LTD	320,000	0.04%
NANLA PTY LTD <ZIEGLER PENSION FUND A/C>	298,000	0.03%
	838,319,918	97.30%

There are no holders of greater than 20% of unquoted equity securities

Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage of issued shares
Ordinary shares		
Zijin Mining Group Co,. Ltd	768,090,563	89.15
Gold Max Asia Investments	48,319,231	5.38

Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
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) Options
No voting rights.

glossary

Australian dollar	Currency of Australia
ASX	Australian Securities Exchange
CIP	Carbon-in-Pulp. A method of gold treatment whereby gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry then passes into the CIP circuit where carbon granules are mixed with the slurry and gold is adsorbed on to the carbon. The granules are separated from the slurry and treated in an elution circuit to remove the gold
EPC	Exploration Permit for Coal
FY	Financial year ending 30 June
g/t	The quantity of gold contained within a unit weight of gold-bearing material generally expressed in grams per metric tonne (g/t)
Head grade	The grade of material fed into the processing plant
Indicated Mineral Resource	As defined under the JORC Code (2004 Edition)
Inferred Mineral Resource	As defined under the JORC Code (2004 Edition)
ISDA master agreement	The International Swaps and Derivatives Association (ISDA) over-the-counter derivatives master agreement drawn up by the New York-based trade association in 1987 and revised from time to time
JORC Code	The Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 Edition)
koz	Thousand ounces
kt	Thousands tonnes
Life of Mine (LoM)	Number of years that the operation is planning to mine and treat ore
Mineral Resource	As defined under the JORC Code (2004 Edition)
Moz	Million ounces of gold
Mt	Million tonnes
Ore grade	The physical measurement of the characteristics of the material of interest in samples or products
Ore Reserve	As defined under the JORC Code (2004 Edition)
oz	Ounces
pa	Per annum
Pre-strip	The amount of waste to be removed before the ore body can be accessed
Probable Mineral Resource	As defined under the JORC Code (2004 Edition)
Proven Mineral Resources	As defined under the JORC Code (2004 Edition)
Quartz veins	A finite volume of Quartz within a rock vein
Recovery	Refers to the percentage of the material of interest that is extracted during mining and/ or processing. A measure of mining or processing efficiency. Also commonly referred to as 'yield'
sq km	Square kilometres
Strike	The direction on surface of an outcropping rock unit or structure
Strip ratio	The ratio of waste tonnes to ore tonnes mined calculated as total tonnes mined less ore tonnes mined divided by ore tonnes mined.

corporate directory

Directors and officers

Jinghe Chen
Non-Executive Chairman

Dianmin Chen
Chief Executive Officer

Tim Prowse
Non-Executive Director

Anne Bi
Non-Executive Director

Hanjing Xu
Non-Executive Director

Dané Van Heerden
Acting Chief Financial Officer

Leni Stanley
Company Secretary

Registered office

Level 1, 101 Edward Street
Brisbane Qld 4000
Ph: +61 (0)7 3221 6022

Business office

Level 1, 79 Hope Street
South Brisbane Qld 4101
Ph: +61 (0)7 3846 9200

Share registry

Link Market Services
Level 15, 324 Queen Street
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Ph: 1300 554 474 (from Australia only)

Legal advisors

HopgoodGanim Lawyers
Level 8, Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Auditor

BDO Audit (QLD) Pty Ltd
Level 18, 300 Queen Street
Brisbane Qld 4000

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