Norton Gold Fields Limited

Annual Report

For The Year Ended
31 December 2014

ACN 112 287 797

Annual Report
31 December 2014

Contents

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 12 months ended 31 December 2014.

Directors

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

J.Chen

Dr D.Chen

A.Bi

Dr N.White

X.Cai

Principal activities

During the 12 months ended 31 December 2014, the principal continuing activities of the group consisted of production of gold and exploration in the Kalgoorlie gold fields.

Business strategies and prospects for the future

Norton Gold Fields Limited is one of the largest Australian Securities Exchange ("ASX") listed Australian focused gold producers and holds a 1,105km^2 tenement package in the world class Kalgoorlie gold fields (Australia).

In the 12 months ended 31 December 2014 the Company produced 178,269 oz (12 months ended 31 December 2013: 172,739oz) of gold from its Paddington Operations near Kalgoorlie, Western Australia.

Norton Gold Fields Limited intends to be increasingly recognised as a company people want to work for and do business with. 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.

The Company's growth will come from acquiring, developing and operating assets where it can create value.

Operating and financial review

Corporate

On 17 April 2014, the Company announced an all cash takeover offer to acquire Bullabulling Gold Limited ("BAB"). The takeover was completed, with BAB subsequently delisted from the ASX and AIM in October 2014.

In April 2014, Norton signed an agreement with Raging Bull Metals Pty Ltd (a wholly owned subsidiary of Carbine Resources Limited), pursuant to which Carbine may acquire the Mount Morgan Mine and Kundana CIP Plant. Carbine has continued with test work in its Phase 2 program to optimise the flow sheet and has commenced a Scoping Study for the process design.

Directors’ report (continued)

Operating and financial review (continued)

Corporate (continued)

During the June 2014 quarter, Norton executed a term sheet with Excelsior Gold Limited (“EXG”) providing a long-term milling allocation at the Paddington mill. The formal agreement, subsequently signed in October 2014, provides EXG with an allocation of 2.5 million tonnes over 5 years with an option to extend on a yearly basis for a further 5 years. EXG has committed to contributing to part of the capital expenditures required for a potential mill upgrade and refurbishment to a maximum of $12.5 million.

On 5 August 2014, the Company exercised its option to proceed with Phoenix’s Mick Adams-Kiora and Wadi Projects.

In August 2014, the Company secured a $40 million facility with the Industrial and Commercial Bank of China, Perth Branch (“ICBC”), which has been used in part to pay out the Company’s existing facility with Gold Mountains (H.K.) International Mining Company Limited, and a wholly-owned subsidiary of the Company’s major shareholder Zijin Mining Group Co., Ltd. The facility will also facilitate Norton’s review of the BAB Project as well as any potential mill expansion in Paddington arising from the milling allocation agreement with EXG.

In December 2014, the Company refinanced its A$85 million and US$25 million facilities into a new joint A$120 million facility with the ICBC and the Agricultural Bank of China Limited, Sydney Branch for a new 3 year term.

On 9 December 2014, the Company announced it had entered into an agreement to acquire a relevant interest of 10.77% in Phoenix Gold Limited. Under the agreement, the shares are to be purchased at the price of $0.083 per share.

On 13 January 2015, Norton announced that it had received an indicative, conditional and non-binding proposal from its majority shareholder Zijin Mining Group Co., Ltd to acquire all of the issued shares that it does not already own at $0.20 per share by way of a scheme of arrangement. A committee comprising Norton’s independent directors was appointed to consider the Proposal. Norton entered into a binding Scheme Implementation Agreement on 6 February 2015. The Proposal has been considered by the directors of Norton who are independent from Zijin. In absence of a superior proposal and subject to an independent expert concluding that the Proposal is in the best interests of Norton shareholders, the Independent Directors unanimously support the Proposal and recommend that Norton shareholders vote in favour of the Proposal.

The gold price continued to be volatile in 2014. During the financial year and subsequently to the date of this report, the Company continued to manage its gold price risk by forward selling an appropriate level of production above its total cost of production to secure its cash flow and margin. The Company’s hedge book totals 200,000 oz at a weighted average forward price of $1,487.84 per oz for delivery by December 2016.

Norton poured its one millionth ounce of gold since the acquisition of the Paddington Operations in 2007.

In response to the WA government review of royalties on mineral commodities, the Company has joined with other fellow WA gold producers to form a Gold Royalties Response Group to respond on behalf of the gold industry as a whole.

Norton was an early participant in the Western Australian Department of Mines and Petroleum’s Mining Rehabilitation Fund and redeemed $21.8 million in environmental bonds.

Norton continued its support of the next generation of mining professionals, taking students in the fields of mine engineering, environmental, geology, geotechnical, survey, metallurgy and accounting, and providing them with exposure to a professional working environment and practical experience in their chosen disciplines.

Directors' report (continued)

Operating and financial review (continued)

Paddington operations

The Paddington site operates open cut and underground mining activities while the Paddington mill utilises conventional carbon-in-pulp (CIP) technology to provide a processing capacity in excess of 3.3Mt of ore annually.

Paddington produced 178,269 oz of gold (2013: 172,739 oz), its highest annual production since the acquisition of Paddington Operations in 2007.

Open cut

The Company's mining strategy remains focused on large base-load open pit mines such as the new Enterprise operation, in combination with the high grade Homestead underground mine. Operations for the period ending 31 December 2014 focused on mining ore at Stage 1 and waste stripping Stages 2 and 3 at the Enterprise open pit mine. Open pit operations also commenced at the Wattlebird satellite pit and completion of the mining of Green Gums and Golden Flag mines.

Total material moved for the 2014 year was 11,572,000 bank cubic metres. Enterprise provided 2,134,000 tonnes of ore and 88,473 oz of gold. Wattlebird, Green Gums and Golden Flag are smaller projects within the Mount Pleasant camp (18kms south-west of the Paddington Mill) and provided 841,000 tonnes of ore for 36,846 oz of gold in 2014.

Norton continues to develop open-pit projects in the Mount Pleasant region to provide relatively high-grade oxide feed for the Paddington Mill. The Company has established operational infrastructure to drive existing operating mines as well as project growth in the Mount Pleasant Camp. Multiple pits in the Mount Pleasant area will provide synergies for the Paddington Operations.

Underground

The Homestead underground mine outperformed budget for the year in terms of development metres 3,717 metres compared to budget of 2,640 metres, total ore tonnes of 296,000 tonnes compared to budget of 266,000 tonnes and 59,178 oz of gold mined compared to budget of 57,209 oz. Cost reduction continued to be the focus in 2014, resulting in significant cost savings.

The Bullant underground mine (secured during the takeover of KMC) was well into development in the year 2014 with a strong focus on exploration.

Processing

The Paddington Mill processed throughput during the year ended 31 December 2014 of 3.724 million tonnes (2013: 3.474 million tonnes) at an average feed grade of 1.67 g/t (2013: 1.65 g/t) and average recovery of 88.88% (2013: 93.63%).

Cost reductions were realised in reagent use due to a number of metallurgical projects planned and implemented throughout the year.

Operating results

For the 12 months ended 31 December 2014, the Company achieved net profit after tax of $13.196 million (2013: net profit after tax of $19.275 million).

The profit includes a number of significant items, such as impairment of non-current assets, that in the opinion of the directors need adjustment to enable shareholders to obtain an understanding of the results from operations. The group's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding these significant items are outlined in the table below:

Directors' report (continued)

Operating and financial review (continued)

Operating results (continued)

Reconcilation of Statutory Profit after Tax to EBITDA (excluding significant items) - unaudited	**31 December 2014 $'000**	**31 December 2013 $'000**
Statutory profit after tax for the year:	13,196	19,275
Adjustments for:		
Income tax	1,602	(6,242)
Depreciation and amortisation	43,764	45,779
Write-off/impairment of non-current assets	5,725	4,557
Net foreign exchange losses	2,825	12,126
Other	7,470	3,284
EBITDA (excluding significant items)	**74,582**	**78,779**

This reconciliation is an unaudited non-IFRS measure that, in the opinion of the directors, provides useful information to assess the operating performance of the group. As noted in the table, the group's EBITDA (before significant items) was $74.582 million for the year (2013: $78.779 million). The decrease in EBITDA (before significant items) is primarily due to:

- a lower average gold price as compared to the prior period. The average realised sale price for the year was $1,448 per oz (2013: average realised price of $1,496 per oz)
- costs associated with business development activities of the group; an increase of $1 million coupled with additional operating cost occurring at the new business acquired – Bullabulling Gold Limited.

Financial position of the entity

Net assets of the Company have increased from $154.796 million at 31 December 2013 to $168.050 million at 31 December 2014, reflecting net profit for the year and changes in total reserves.

Cash and cash equivalents have decreased from $38.269 million at 31 December 2013 to $19.242 million at 31 December 2014, largely attributable to the all-cash purchase of Bullabulling Gold Limited.

Dividend

The directors do not recommend any payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Significant events after the balance sheet date

Following a decision made by the management on the exploration budget for 2015, non-core exploration tenements with carrying amount of $1,108,000 were surrendered to the Western Australia of Department of Mines and Petroleum in January 2015.

On 6 February 2015, the group announced that a binding Scheme Implementation Agreement ('SIA') has been entered into between the group and its major shareholder, Zijin Mining Group Co., Ltd ('Zijin'). The SIA provides that Zijin will acquire all of the issued securities that it does not already own, by way of a Court approved Scheme of Arrangement for an offer consideration of $0.20 per share. The completion of the transaction is tentatively in late May 2015.

Other than the above matter, there were no matters or circumstances that 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.

Directors' report (continued)

Likely developments

There are no likely development of which the directors are aware of which could be expected to significantly affect the results of the group's operations in subsequent financial years not otherwise disclosed in the 'principal activities' and 'operating and financial review' or the 'significant events after the balance sheet date' sections of the directors' report.

Environmental regulation

The group's projects operate in accordance with Environmental Authorities granted 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 25kt 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.

Information on directors

J.Chen
Non-executive Chairman *(*age: 57)

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 Counsel, a delegate to the 12th People's Congress of Fujian Province and the vice president of China Gold Association. Mr Chen has been the chairman of Zijin since 1999. 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 other listed companies - past three years
None

Special responsibilities
Chairman
Member of Remuneration Committee

Interests in shares and options
None

Directors' report (continued)

Information on directors (continued)

Dr D.Chen
Managing Director and Chief Executive Officer (age: 57)

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 other listed companies - past three years
Pluton Resources Ltd
Sherwin Iron Ltd

Special responsibilities
Managing Director and Chief Executive Officer

Interests in shares and options
8,000,000 unlisted options exercisable at $0.241 each on or before 22 August 2017 and 1,726,043 ordinary shares

A.Bi
Non-executive director (*a*ge: 50)

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 seven years, Ms Bi has been involved in the development of commercial and residential property projects in Australia in excess of $300 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 other listed companies - past three years
None

Special responsibilities
Member of Audit and Risk Management Committee
Member of Remuneration Committee

Interests in shares and options
None

Directors' report (continued)

Information on directors (continued)

Dr N.White
Non-executive director (age: 67)

Experience and expertise
Dr White is a geologist with more than 40 years' experience in mineral exploration, operations and project generation worldwide, with experience in a wide range of commodities. He was the Chief Geologist Exploration for former BHP Minerals, and has visited over 350 ore deposits/mines in 55 countries. Dr White was a consultant to the World Bank Group on their evaluation of Asian mineral potential. Since 2004, he has served as a director of various resource focused companies in Canada and Australia. He has a strong involvement with professional societies and universities worldwide, has served on editorial boards of several leading journals and has authored and co-authored various publications.

Dr White received a Bachelor of Science with Honours from the University of Newcastle and his PhD from the University of Tasmania. He is an Honorary Research Professor at the University of Tasmania, Adjunct Professor at the University of Queensland, Adjunct Professor at James Cook University of North Queensland, Distinguished Professor at Hefei University of Technology, Guest Professor at China University of Geosciences, Beijing and Visiting Professor at Fuzhou University.

Directorships of other listed companies - current
None

Directorships of other listed companies - past three years
None

Special responsibilities
Chairman of Audit and Risk Management Committee
Chairman of Remuneration Committee

Interests in shares and options
None

X.Cai

Non-executive director (*a*ge: 38)

Experience and expertise
Ms Cai holds a Bachelor's Degree in Economics and a Juris Master from Xiamen University of China. She is a member of CPA Australia, AICPA, ACCA and CICPA. Ms Cai was awarded a certificate of China Top CFO by the Ministry of Finance of China.

Ms Cai previously served as director and Chief Financial Officer of the Asian operations of a leading German based sanitation multinational Company, focusing on the strategic management of capital. Ms Cai has over 12-years' audit experience as a CPA, providing professional services, especially in the fields of financial reporting, internal control, technical support and professional training for various industries and a number of listed companies in China, Hong Kong and Germany, when she worked for Deloitte Touche Tohmatsu and one of the top 10 China CPA firms.

Directorships of other listed companies - current
None

Directorships of other listed companies - past three years
None

Special responsibilities
Member of Audit and Risk Management Committee

Interests in shares and options
None

Directors’ report (continued)

Information on directors (continued)

Company Secretary

The Company Secretary is Mr Richard Jones BA (Hons), LLB. Mr Jones has held legal and company secretarial roles in his career, having worked both in private practice and in house on a range of corporate governance, transactional and operations matters.

Meetings of directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

Name of Director	Board Meetings		Audit and Risk Management Committee		Remuneration Committee	
	Eligible	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
J.Chen	15	7	-	-	1	1
Dr D.Chen	15	15	-	-	-	-
A.Bi	15	15	1	1	1	1
Dr N.White	15	10	2	2	1	1
X.Cai	15	13	2	2	-	-

Share options

At the date of this report, there are:

(a) 8,000,000 unissued ordinary shares of the Company under share option with the Managing Director; and

(b) 72,246,764 options exercisable at $0.27 per share on or before 30 April 2015 issued pursuant to the takeover of Kalgoorlie Mining Company Limited in 2013.

Indemnification of directors and officers

The Company has entered into agreements to indemnify directors and the company secretary 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 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.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of the engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

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*.

Directors' report (continued)

Non-audit services

Details of the amount paid or payable to Ernst & Young, the Company's auditor for audit and non-audit services provided during the year are set out in Note 30 to the consolidated financial statements.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24.

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 consolidated financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Remuneration report (audited)

This remuneration report for the year ended 31 December 2014 outlines the remuneration arrangement for the group in accordance with the requirements of the *Corporations Act 2001*, as amended ("the Act") and its regulations. This information has been audited as required by section 308 (3C) of the Act.

The remuneration report is presented under the following sections:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Additional disclosures relating to options and shares
F. Loans to key management personnel and their related parties

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

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

Key management personnel

The following were key management personnel of the group (within the definition of the Australian Accounting Standards AASB 124 *Related Party Disclosures)* who have the authority and responsibility for planning, directing and controlling major activities of the group, directly or indirectly, including any director of the parent company.

In this report, the term 'executive director' refers to the Managing Director and Chief Executive Officer and the term 'executives' refer to key management personnel who are not directors.

Below details the key management personnel of the group during the financial year ended 31 December 2014. Unless otherwise indicated, the individuals were key management personnel for the entire financial year.

Non-executive directors

J.Chen	Chairman (non-executive)
A.Bi	Director (non-executive)
Dr N.White	Director (non-executive)
X.Cai	Director (non-executive)

Executive director

Dr D.Chen	Managing Director and Chief Executive Officer

Executives

S.Phan	Chief Financial Officer
R.Jones	General Counsel and Company Secretary
C.Winn	General Manager – Paddington Operations
T.Moylan	General Manager – Project and Business Development
P.Ruzicka	General Manager – Geology
G.Simpson	General Manager – Technical Services
M.Braghieri	General Manager – Bullabulling Project – appointed on 14 July 2014

There are no other changes of the key management personnel after the reporting date and the date of the financial report was authorised for issue.

Remuneration report (audited) (continued)

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

Executive director and executives' 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. 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.

Remuneration of executives may include cash and equity comprised of ordinary shares and/or share options as well as award in the form of annual deferred performance units which are cash-settled. Each member of key management personnel has a remuneration package negotiated on a case-by-case basis. The equity component is determined taking into account various market and/or non-market conditions before vesting.

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

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward personnel in a manner that aligns with the group's business objectives and recognises strong individual performance.

Short-term incentive

The group's remuneration structure includes a short-term incentive ("STI") program, which is designed to help drive performance within the Company by providing a vehicle for rewarding senior management and executives. The net amount of STI after allowing for applicable taxation is payable in cash.

The performance conditions under the STI comprise group performance measures and personal performance measures. The group performance measures relate to earnings, gold production, operating cash cost and safety. These measures have been selected as they can be reliably measured and are key drivers of value for shareholders.

The individual performance measures vary according to the individual KMP's position and areas of responsibility. They also include a discretionary factor determined by the Board to take into account unexpected events and achievements during the year.

The annual STI payments available for the executive director and executives are subject to the approval of the Remuneration Committee.

Long-term incentive

The long-term incentive plan of the group offers annual deferred performance units, which are settled in cash based upon the Company's share price at the redemption date, to key personnel provided they remain in employment with the group. Each performance unit will vest in three tranches over a three-year period.

A long-term incentive grant of 8,000,000 share options to the executive director was approved by the Board in August 2012 and was approved by the shareholders at the May 2013 Annual General Meeting. These share options are issued in three tranches, subject to the executive director remaining an employee of the group. They vest upon VWAP5 reaching $0.30 at any time after issuance and expire in August 2017. Performance criterion of VWAP5 has been chosen to reflect a focus on future shareholder value generation.

Remuneration report (audited) (continued)

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

Performance linked compensation (continued)

Long-term incentive (continued)

In prior reporting periods, the long-term incentive plan included granting of shares to executives, with performance measures relating to five consecutive business day volume weighted average price per share on the ASX and a period of continuous employment with the group.

Remuneration consultants

The Company did not engage remuneration consultants during the year ended 31 December 2014.

Group performance and the link to remuneration

The overall level of executive compensation takes into account the performance of the group over the past year. Performance in respect of the current year and the previous four years is detailed in the table below.

		2011	2012	31 December 2012*	31 December 2013	31 December 2014
Closing share price	$ per share	0.14	0.24	0.19	0.14	0.12
Revenue	$'000	211,685	245,912	114,079	259,677	243,443
Net profit/(loss) after tax	$'000	13,142***	8,946***	(22,519)**	19,275****	13,196

*A six-month period as the Company transitioned to a 31 December financial year end.
** This amount does not correspond to the 2012 consolidated financial statements and reflects adjustments made as detailed in Note 1(a) to the 2013 consolidated financial statements.
*** In accordance with the transitional provisions of Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, these amounts have not been restated for the change in policy as detailed in Note 1(a) to the 2013 consolidated financial statements.
**** This amount does not correspond to the 2013 consolidated financial statements and reflect adjustments made as detailed in Note 1(a).

Details of the short-term incentive cash bonuses and long-term incentive performance units awarded as remuneration to the executive director and executives are shown below.

	Short-term incentive cash bonuses		Long-term incentive performance units	
	Percentage awarded	**Percentage forfeited (A)**	**Percentage awarded**	**Percentage forfeited (A)**
Executive director				
Dr D.Chen	93%	7%	93%	7%
Executives				
S.Phan	91%	9%	91%	9%
R.Jones	94%	6%	94%	6%
T.Moylan	90%	10%	90%	10%
P.Ruzicka	90%	10%	90%	10%
C.Winn	91%	9%	91%	9%
G.Simpson	89%	11%	89%	11%
M.Braghieri	0%	0%	0%	0%

(A) The amounts forfeited are due to the performance criteria not being met in relation to the performance year.

Remuneration report (audited) (continued)

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

Non-executive remuneration policies

The current maximum amount of non-executives' fees is fixed at $500,000 per annum which was approved by shareholders at the Company's Annual General Meeting on 22 May 2013. 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 at 9.5%.

B. Details of remuneration

Remuneration details of each director (non-executive and executive) and other key management personnel of the Company and the group, including the nature and amount of the elements of their remuneration for the year ended 31 December 2014 are provided in the table on the following page.

Remuneration report (audited) (continued)

B. Details of remuneration (continued)

For the year ended 31 December 2014	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments					
	Directors' fees	Salary	Cash Bonuses	Non-monetary benefits	Superannuation	Leave Entitlement	Equity-settled options	Equity-settled shares	Cash-settled	Total	Performance related	Value of options, rights and cash-settled performance units as proportion of remuneration
	$	$	$	$	$	$	$	$	$	$	%	%
Non-executive directors												
J.Chen	115,000	-	-	-	-	-	-	-	-	115,000	-	-
A.Bi	60,000	-	-	-	5,625	-	-	-	-	65,625	-	-
Dr N.White	60,000	-	-	-	5,625	-	-	-	-	65,625	-	-
X Cai	60,000	-	-	-	5,625	-	-	-	-	65,625	-	-
	295,000	-	-	-	16,875	-	-	-	-	311,875	-	-
Executive director												
Dr D.Chen[2]	-	489,873	85,317	28,670	18,279	11,479	46,375	-	74,123	754,116	27.29	15.98
Other key management personnel												
S.Phan	-	237,980	25,421	7,315	18,279	5,566	-	-	14,769	309,330	12.99	4.77
R.Jones	-	226,770	26,410	18,061	18,279	5,667	-	-	15,243	310,430	13.42	4.91
T.Moylan	-	332,706	35,377	23,905	17,127	8,038	-	-	20,809	437,962	12.83	4.75
P.Ruzicka	-	288,946	29,019	12,995	18,279	6,462	-	-	17,164	372,865	12.39	4.60
C.Winn	-	341,077	41,603	9,480	18,279	7,706	-	-	24,252	442,397	14.89	5.48
G.Simpson	-	315,345	32,074	599	18,279	7,277	-	-	18,749	392,323	12.95	4.78
M.Braghieri[1]	-	171,305	-	-	13,933	0	-	-	-	185,238	-	-
Total compensation	**295,000**	**2,404,002**	**275,221**	**101,025**	**157,609**	**52,195**	**46,375**	**-**	**185,109**	**3,516,536**		

1 - M. Braghieri met the definition of a key management person on his appointment as General Manager – Bullabulling Project on 14 July 2014.
2 - 6.11% of Dr Chen's remuneration package comprised of share options.

Remuneration report (audited) (continued)

B. Details of remuneration (continued)

For the year ended 31 December 2013	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments					
	Directors' fees	Salary	Cash Bonuses[5]	Non-monetary benefits	Superannuation	Leave Entitlement	Equity-settled options	Equity-settled shares	Cash-Settled	Total	Performance related	Value of options, rights and cash-settled performance units as proportion of remuneration
	$	$	$	$	$	$	$	$	$	$	%	%
Non-executive directors												
J.Chen	115,000	-	-	-	-	-	-	-	-	115,000	-	-
A.Bi	60,000	-	-	-	5,475	-	-	-	-	65,475	-	-
Dr N.White[1]	47,258	-	-	-	4,328	-	-	-	-	51,586	-	-
X. Cai[1]	47,258	-	-	-	4,328	-	-	-	-	51,586	-	-
A.Prowse[2]	5,000	-	-	300	450	-	-	-	-	5,750	-	-
H.Xu[3]	30,000	-	-	-	-	-	-	-	-	30,000	-	-
	304,516	-	-	300	14,581	-	-	-	-	319,397		
Executive director												
Dr D.Chen[6]	-	439,380	201,643	8,703	17,122	-	63,146	-	91,747	821,741	43.39	18.85
Other key management												
S.Phan	-	210,130	60,764	8,792	17,122	-	-	-	18,432	315,240	25.11	5.84
R.Jones	-	216,520	61,604	2,453	17,122	-	-	-	18,687	316,386	25.38	5.91
T.Moylan	-	313,123	88,430	16,313	17,122	8,038	-	25,293	26,824	495,143	28.39	10.53
P.Ruzicka	-	282,600	73,966	3,459	17,122	6,483	-	-	22,436	406,066	23.74	5.53
C.Winn	-	313,089	100,683	2,112	17,122	7,578	-	-	30,540	471,124	27.85	6.48
G.Simpson[4]		279,182	78,407	688	17,122	-	-	-	23,783	399,182	25.16	5.86
Total compensation	**304,516**	**2,054,024**	**665,497**	**42,820**	**134,435**	**22,099**	**63,146**	**25,293**	**232,449**	**3,544,279**		

1 - Dr N.White and Ms X.Cai were appointed to the Board on 18 March 2013.
2 - Mr A.Prowse retired as a non-executive director on 1 February 2013.
3 - Mr H.Xu resigned as a non-executive director on 1 July 2013.
4 - Mr G.Simpson met the definition of a key management person on his appointment as General Manager – Technical Services on 7 January 2013.
5 - Cash bonuses were granted on 31 January 2014 and paid on 15 February 2014.
6 - 7.68% of Dr Chen's remuneration package comprised of share options.

Remuneration report (audited) (continued)

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 one to six 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.

J.Chen
Non-executive director

Base fee of $115,000 per annum

A.Bi
Non-executive director

Base fee of $65,625 per annum (inclusive of superannuation).

Dr N.White
Non-executive director

Base fee of $65,625 per annum (inclusive of superannuation).

X.Cai
Non-executive director

Base fee of $65,625 per annum (inclusive of superannuation).

Dr D.Chen
Managing Director and Chief Executive Officer

Salary:	Base salary package of $508,152 per annum (inclusive of superannuation).
Term:	Five years and four months commencing on 22 August 2012.
Termination:	Benefit on early termination by the Company, other than for due cause, equal to six months of annual base pay.
Share-based:	8,000,000 share options, at an exercise price of $0.241, vesting upon VWAP5* reaching $0.30 at any time after the share options are issued, expiring on 22 August 2017. Options to be issued in three tranches (refer to Section D Share-based Compensation for details), subject to the executive remaining an employee of the group. The granting of these share options was approved by the shareholders at the Annual General Meeting of the Company on 22 May 2013. *VWAP5 means five consecutive business days volume weighted average trading price per share on the ASX

S.Phan
Chief Financial Officer

Salary:	Base salary package of $256,259 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.

Remuneration report (audited) (continued)

C. Service agreements (continued)

R.Jones
General Counsel and Company Secretary

Salary: Base salary package of $245,049 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.

T.Moylan
General Manager - Project and Business Development

Salary: Base salary package of $349,833 per annum (inclusive of superannuation).

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 March 2010) was $0.205.
*These share-based arrangements were vested in prior reporting periods.
**VWAP5 means five consecutive business days volume weighted average trading price per share on the ASX
***This share-based arrangement lapsed in June 2013 and all these shares were forfeited.

P.Ruzicka
General Manager - Geology and Exploration

Salary: Base salary package of $307,225 per annum (inclusive of superannuation)

Term: No fixed term.

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

C.Winn
General Manager - Paddington Operations

Salary: Base salary package of $359,356 per annum (inclusive of superannuation)

Term: No fixed term.

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

G.Simpson
General Manager – Technical Services

Salary: Base salary package of $333,624 per annum (inclusive of superannuation)

Term: No fixed term.

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

Remuneration report (audited) (continued)

C. Service agreements (continued)

M. Braghieri
General Manager – Bullabulling Project

Salary: Base salary package of $185,238 per annum (inclusive of superannuation) (Note: M. Braghieri met the definition of a key management person on his appointment as General Manager – Bullabulling Project on 14 July 2014.)

Term: No fixed term.

Termination: Benefit on early termination by the Company, other than for due cause, equal to six months of salary.

D. Share-based compensation

Options over equity instruments of key management personnel – granted as compensation

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

Analysis of cash-settled performance units of key management personnel – granted as compensation during the current reporting period

	Number of performance units granted*	Grant date	Vesting date	Fair value per unit at grant date** ($)	Total fair value at grant date ($)	Liability for performance units granted(i) ($)
Executive director						
Dr D.Chen	277,452	31 Dec 2014	31 Dec 2014	0.12	33,294	33,294
	208,089	31 Dec 2014	1 Feb 2016	0.12	24,971	12,485
	208,089	31 Dec 2014	1 Feb 2017	0.12	24,971	8,324
Other key management personnel						
S.Phan	55,114	31 Dec 2014	31 Dec 2014	0.12	6,614	6,614
	41,335	31 Dec 2014	1 Feb 2016	0.12	4,960	2,480
	41,335	31 Dec 2014	1 Feb 2017	0.12	4,960	1,653
R.Jones	57,257	31 Dec 2014	31 Dec 2014	0.12	6,871	6,871
	42,943	31 Dec 2014	1 Feb 2016	0.12	5,153	2,577
	42,943	31 Dec 2014	1 Feb 2017	0.12	5,153	1,718
T.Moylan	76,698	31 Dec 2014	31 Dec 2014	0.12	9,204	9,204
	57,523	31 Dec 2014	1 Feb 2016	0.12	6,903	3,451
	57,523	31 Dec 2014	1 Feb 2017	0.12	6,903	2,301
P.Ruzicka	62,914	31 Dec 2014	31 Dec 2014	0.12	7,550	7,550
	47,185	31 Dec 2014	1 Feb 2016	0.12	5,662	2,831
	47,185	31 Dec 2014	1 Feb 2017	0.12	5,662	1,887
C.Winn	90,196	31 Dec 2014	31 Dec 2014	0.12	10,823	10,823
	67,647	31 Dec 2014	1 Feb 2016	0.12	8,118	4,059
	67,647	31 Dec 2014	1 Feb 2017	0.12	8,118	2,706
G.Simpson	69,537	31 Dec 2014	31 Dec 2014	0.12	8,344	8,344
	52,152	31 Dec 2014	1 Feb 2016	0.12	6,258	3,129
	52,152	31 Dec 2014	1 Feb 2017	0.12	6,258	2,086

* The performance units were awarded for performance period 1 January 2014 to 31 December 2014.
** The fair value is measured by reference to the Company's share price on grant date.

(i) These amounts represent the closing balance of liabilities for cash performance units in 2014.

Remuneration report (audited) (continued)

D. Share-based compensation (continued)

Analysis of cash-settled performance units of key management personnel – granted as compensation in prior reporting period

	Number of performance units granted*	Grant date	Vesting date	Fair value per unit at grant date** ($)	Vested during the year*** (%)	Liability for performance units granted[(i)] ($)
Executive director						
Dr D.Chen	403,285	31 Dec 2013	31 Dec 2013	0.14	100%	56,460
	302,464	31 Dec 2013	28 Feb 2015	0.14	86%	31,111
	302,464	31 Dec 2013	28 Feb 2016	0.14	67%	24,197
Other key management personnel						
S.Phan	81,019	31 Dec 2013	31 Dec 2013	0.14	100%	11,343
	60,764	31 Dec 2013	28 Feb 2015	0.14	86%	6,250
	60,764	31 Dec 2013	28 Feb 2016	0.14	67%	4,861
R.Jones	82,139	31 Dec 2013	31 Dec 2013	0.14	100%	11,499
	61,604	31 Dec 2013	28 Feb 2015	0.14	86%	6,336
	61,604	31 Dec 2013	28 Feb 2016	0.14	67%	4,928
T.Moylan	117,907	31 Dec 2013	31 Dec 2013	0.14	100%	16,507
	88,430	31 Dec 2013	28 Feb 2015	0.14	86%	9,096
	88,430	31 Dec 2013	28 Feb 2016	0.14	67%	7,074
P.Ruzicka	98,622	31 Dec 2013	31 Dec 2013	0.14	100%	13,807
	73,966	31 Dec 2013	28 Feb 2015	0.14	86%	7,608
	73,966	31 Dec 2013	28 Feb 2016	0.14	67%	5,917
C.Winn	134,244	31 Dec 2013	31 Dec 2013	0.14	100%	18,794
	100,683	31 Dec 2013	28 Feb 2015	0.14	86%	10,356
	100,683	31 Dec 2013	28 Feb 2016	0.14	67%	8,055
G.Simpson	104,543	31 Dec 2013	31 Dec 2013	0.14	100%	14,636
	78,407	31 Dec 2013	28 Feb 2015	0.14	86%	8,065
	78,407	31 Dec 2013	28 Feb 2016	0.14	67%	6,273

* The performance units were awarded for performance period 1 January 2013 to 31 December 2013.

** The fair value is measured by reference to the Company's share price on grant date.

*** Vesting is subject to the executive director and executives remaining an employee of the group.

(i) These amounts represent the closing balance of liabilities for cash performance units in 2014.

Modification of terms and conditions of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including share options granted as compensation to key management personnel) had been modified or altered by the group during the current or prior reporting period.

Remuneration report (audited) (continued)

E. Additional disclosures relating to options and shares

Option holdings of key management personnel*

	Held at 1 January 2014 Number	Granted as compensation Number	Forfeited Number	Other changes Number	Held at 31 December 2014 Number	Vested and exercisable at 31 December 2014 Number
2014						
Director						
Dr D.Chen	8,000,000	-	-	-	8,000,000	-
Total	**8,000,000**	**-**	**-**	**-**	**8,000,000**	**-**

*Include options held directly, indirectly and beneficially by key management personnel.

Details of options granted as remuneration in prior year to key management personnel is detailed below.

	Number of share options granted	Grant date	Fair value per option at grant date ($)	Expiry date	Exercise price per option ($)
Executive director					
Dr D.Chen	8,000,000	21 August 2012	0.029	22 Aug 2017	0.241

The fair value of the share options granted was calculated using a Monte Carlo option pricing model. Each share option converts into one ordinary share upon exercise. The options will only vest in the event that VWAP5 reaches $0.30 at any time after the share options are granted and Dr Chen continues to be employed. Subject to these conditions being met, the options will be available for exercise from the following dates:

- 2,666,667 options are exercisable after 12 months of continuous service from 21 August 2012;
- 2,666,667 options are exercisable after 24 months of continuous service from 21 August 2012; and
- 2,666,666 options are exercisable after 36 months of continuous service from 21 August 2012.

For valuation purposes, the vesting date has been assumed to be 22 August 2017.

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

Remuneration report (audited) (continued)

E. Additional disclosures relating to options and shares (continued)

Share holdings of key management personnel*

	Held at 1 January 2014 Number	Net changes – purchases (sales) on market Number	Received via exercise of options Number	Other changes Number	Received as remuneration Number	Held at 31 December 2014 Number	Balance held nominally Number
2014							
Directors							
Dr D.Chen	1,726,043	-	-	-	-	1,726,043	-
Other key management personnel							
S.Phan	100,000	-	-	-	-	100,000	-
T.Moylan	480,000	-	-	-	-	480,000	-
G.Simpson	137,000	-	-	-	-	137,000	-
Total	2,443,043	-	-	-	-	2,443,043	-

*Includes shares held directly, indirectly and beneficially by key management personnel.

F. Loans to key management personnel and their related parties

There were no loans made to any director or other key management personnel or their personally-related entities, during the financial year.

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

Dr D.Chen
Executive Director
Perth, 30 March 2015

Building a better working world

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Auditor's Independence Declaration to the Directors of Norton Gold Fields Limited

In relation to our audit of the financial report of Norton Gold Fields Limited for the financial year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Robert A Kirkby
Partner
30 March 2015

RK:MW:NGF:033

Corporate governance statement

The directors and management of Norton Gold Fields Limited ("Norton" or "the Company") are committed to following the Australian Securities Exchange ("ASX") Corporate Governance Council Corporate Governance Principles and Recommendations (2nd edition) issued by the 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 particular circumstances.

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

Corporate governance statement (continued)

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 Managing Director'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 Managing Director.

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 semi-annual and annual basis. There is a strategic review at least annually.

Corporate governance statement (continued)

Principle 1: Lay solid foundations for management and oversight (continued)

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. The Company's Board Charter is available from the Corporate Governance section of its website.

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 majority of directors on the Board did not meet the ASX definition of independence during the period to 31 December 2014. Dr N.White is currently the only independent non-executive director.

Corporate governance statement (continued)

Principle 2: Structure the board to add value (continued)

R2.1 A majority of the board should be independent Directors. (continued)

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

Director	Position	Independent	Reason
J.Chen	Non-executive Chairman	No	Mr Chen is not considered independent as he is employed by Zijin Mining Group Co., Ltd a substantial shareholder in the Company.
Dr D.Chen	Executive director	No	Dr Chen was appointed in the role of Managing Director on 21 August 2012.
A.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.
Dr N.White	Non-executive director	Yes	Dr White is free of any relationship that could, or could be seen to materially interfere with the exercise of judgment.
X.Cai	Non-executive director	No	Ms Cai is not considered independent as she is employed by Zijin Mining Group Co., Ltd a substantial shareholder in the Company.

The Board is of the view that its composition during the reporting period served the interests of shareholders for the following reasons:

- Having regard for the size of Goldmax Asia Investments Limited's and Zijin Mining Group Co., Ltd's 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 (available on the Company's website) sets out how actual or potential conflicts of interests are to be dealt with.

The Board recognises that there are occasions when the Board of 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.

Mr J.Chen is not considered to be independent as he is employed by Zijin Mining Group Co., Ltd a substantial shareholder in the Company. Zijin Mining Group Co., Ltd is the ultimate parent entity and ultimate controlling party which at 31 December 2014 owned 82.43% of the issued ordinary shares of Norton Gold Fields Limited through its wholly owned subsidiary Jinyu (H.K) International Mining Company Limited. The Board is of the view that shareholder interests are best served by a Chairman who is sanctioned by shareholders and who will act in the best interests of shareholders as a whole. As the Chairman represents a very significant relevant interest in the Company, the Board considers that he is well placed to act on behalf of shareholders and in their best interests.

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 J.Chen and the role of managing director was exercised by Dr D.Chen.

Corporate governance statement (continued)

Principle 2: Structure the board to add value (continued)

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 Board Nomination Charter is available on the Company's 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 the individual non-executive 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 Secretary is 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 sections 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; and
- how the functions of the 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, R2.2, R2.4 and R2.5 are explained above.

Corporate governance statement (continued)

Principle 3: Promote ethical and responsible decision-making

Companies should 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 reasonable 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 Norton; and
- keeping shareholders informed of Norton's progress towards implementing and achieving its diversity objectives.

The Company's diversity policy 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 31 December 2015. 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.

Corporate governance statement (continued)

Principle 3: Promote ethical and responsible decision-making (continued)

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 – 31 December 2014

	Women	Men	Women %	Men %
Board	2	2	50%	50%
Executive Management	-	8	-	100%
Operational	70	324	18%	82%
Total	72	334		

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

Information required by the Guide to reporting on Principle 3 and the departure from recommendation R3.3 is presented above.

Principle 4: Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their 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 January 2014 to 19 February 2014:
Dr N.White (Chairman)
Ms X.Cai

From 20 February 2014 to 31 December 2014:
Dr N.White (Chairman)
Ms X. Cai
Ms A. Bi

Ms Bi and Ms Cai did not meet the ASX test of independence; however, Dr White acted as Chairman of the Board and of the Audit and Risk Management Committee during the reporting period. Details of the experience, qualifications and attendance at committee meetings for each member of the committee are presented in the directors' report. Dr White is currently the only independent non-executive director.

Corporate governance statement (continued)

Principle 4: Safeguard integrity in financial reporting (continued)

R4.2 Structure the audit committee (continued)

During the reporting period, the Company did not comply with R4.2 as the majority of the Audit and Risk Management Committee were not independent. The committee had less than three members for some part of the reporting period until the appointment of Ms Bi.

The directors believe that the current structure of the Audit and Risk Management Committee, as described above is appropriate in the 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.

Corporate governance statement (continued)

Principle 5: Make timely and balanced disclosure

Companies should 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 sets out the key obligations of the Company's directors, employees and consultants and is designed to meet its compliance obligations under the ASX Listing Rules and the *Corporations Act 2001*.

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

Information related to principle 5 is presented above. A copy of the continuous disclosure policy is available on the Company's website.

Principle 6: Respect the rights of shareholders

Companies should 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. 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 reports upon the shareholders' request. 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. 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.

Corporate governance statement (continued)

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

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 2001* 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.

Corporate governance statement (continued)

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 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:

From 1 January 2014 to 19 February 2014:
Dr N.White (Chairman)
Mr J.Chen

From 20 February 2014 to 31 December 2014:
Dr N.White (Chairman)
Mr J.Chen
Ms A. Bi

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 did not comply with R8.2 as the majority of the Remuneration Committee are not independent. Mr Chen is the Chairman of the Board. Dr White is currently the only independent non-executive director. The committee also had less than three members during part of the reporting period.

The directors believe that the current structure of the Remuneration Committee, as described above, is appropriate in the light of the current size of the Board and the particular circumstances of the Company.

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

Non- executive directors' remuneration

Total remuneration paid to non-executive directors may not exceed the limit set by shareholders at the annual general meeting (currently $500,000). 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 executives' remuneration

In relation to executive remuneration, the Board is responsible for the nature and direction of 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 director's 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.

Financial report
31 December 2014

General information

These financial statements are the consolidated financial statements of the group consisting of Norton Gold Fields Limited and its subsidiaries. The consolidated financial statements are presented in Australian dollars.

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. Its registered office and principal place of business is:

Level 36 Exchange Plaza
2 The Esplanade
Perth
WA 6000

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of these financial statements.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 30 March 2015.

Consolidated statement of comprehensive income

For the year ended 31 December 2014

	Notes	31 December 2014 $'000	Restated* 31 December 2013 $'000
Revenue	4	243,443	259,677
Cost of sales	5	(200,752)	(217,659)
Gross profit		**42,691**	**42,018**
Administrative expenses	6	(12,006)	(9,696)
Write-off of non-current assets	7(a)	(5,725)	-
Impairment losses	7(b)	-	(4,557)
Other income	8	133	678
Profit before net finance costs		**25,093**	**28,443**
Finance income	10	759	1,548
Finance costs	10	(11,054)	(16,958)
Profit before tax		**14,798**	**13,033**
Income tax (expense)/benefit	11	(1,602)	6,242
Profit for the year attributable to the owners of the Company		**13,196**	**19,275**
Other comprehensive income for the year			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Gain on available-for-sale financial assets		475	**-**
Cash flow hedges deferred in equity		(487)	**-**
Other comprehensive income for the year, net of tax		(12)	**-**
Total comprehensive income for the year attributable to owners of the Company		**13,184**	**19,275**
Earnings per share		**Cents**	**Cents**
Basic earnings per share	40	1.42	2.17
Diluted earnings per share	40	1.42	2.17

*Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made as detailed in Note 1(a).

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Norton Gold Fields Limited

Consolidated statement of financial position

As at 31 December 2014

	Notes	31 December 2014 $'000	Restated* 31 December 2013 $'000
Assets			
Current assets			
Cash and cash equivalents	12	19,242	38,269
Trade and other receivables	13	7,123	10,359
Inventories	14	30,621	32,107
Prepayments		1,685	408
Total current assets		58,671	81,143
Non-current assets			
Deferred tax assets	16	14,623	16,220
Exploration and evaluation assets	17	101,015	60,241
Capitalised mining costs	18	113,541	88,039
Property, plant and equipment	19	96,497	98,757
Available-for-sale financial asset	21	3,987	-
Other assets	15	116	3,675
Total non-current assets		329,779	266,932
Total assets		388,450	348,075
Liabilities			
Current liabilities			
Trade and other payables	22	32,379	29,664
Borrowings	23	1,483	17,017
Provisions	24	7,699	6,425
Other financial liabilities	25	-	175
Other liability	26	433	236
Total current liabilities		41,994	53,517
Non-current liabilities			
Borrowings	23	145,100	113,335
Provisions	24	32,338	26,279
Other financial liabilities	25	695	-
Other liability	26	273	148
Total non-current liabilities		178,406	139,762
Total liabilities		220,400	193,279
Net assets		**168,050**	**154,796**
Equity			
Contributed equity	27	186,841	186,841
Reserves	28	12,099	12,041
Accumulated losses		(30,890)	(44,086)
Total equity		**168,050**	**154,796**

*Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made as detailed in Note 1(a).

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 December 2014

	Contributed equity $'000	Option reserve $'000	Equity settled payments reserve $'000	Available-for-sale reserve $'000	Cash flow hedge reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2014	**186,841**	**1,463**	**10,578**	**-**	**-**	**(44,086)**	**154,796**
Comprehensive income							
- Profit for the year	-	-	-	-	-	13,196	**13,196**
- Other comprehensive income	-	-	-	475	(487)	-	**(12)**
Total comprehensive income for the year	-	-	-	475	(487)	13,196	**13,184**
Transactions with owners in their capacity as owners							
Share-based payments	-	-	70	-	-	-	**70**
At 31 December 2014	**186,841**	**1,463**	**10,648**	**475**	**(487)**	**(30,890)**	**168,050**
At 1 January 2013	**176,652**	**-**	**10,493**	**-**	**-**	**(63,361)**	**123,784**
Comprehensive income							
- Profit for the year (as previously stated)	-	-	-	-	-	22,465	22,465
- Adjustment on correction of error, net of tax (Note 1(a))	-	-	-	-	-	(3,190)	(3,190)
- Profit for the year (restated*)	-	-	-	-	-	19,275	19,275
Total comprehensive income for the period	-	-	-	-	-	19,275	19,275
Transactions with owners in their capacity as owners							
Shares issued during the year	10,189	-	-	-	-	-	10,189
Options issued arising from takeover of KMC	-	1,463	-	-	-	-	1,463
Share-based payments	-	-	85	-	-	-	85
At 31 December 2013 (restated*)	**186,841**	**1,463**	**10,578**	**-**	**-**	**(44,086)**	**154,796**

*Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made as detailed in Note 1(a).

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 31 December 2014

	Notes	31 December 2014 $'000	31 December 2013 $'000
Cash flows from operating activities			
Receipts in the course of operations		245,121	263,212
Payments in the course of operations		(164,016)	(194,478)
Interest received		883	1,513
Interest paid		(7,172)	(4,805)
Other receipts		1,178	1,736
Net cash provided by operating activities	39	75,994	67,178
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	42	(25,033)	24
Payments for plant and equipment		(5,286)	(74,105)
Proceeds on disposal of exploration assets		-	10,030
Payments for exploration and mine development costs		(78,696)	(67,912)
Refund of/(payments for) investment in term deposits		1,816	(2,347)
Payments for investment in available-for-sale financial assets		(3,309)	-
Refund of security deposits		3,618	18,238
Net cash used in investing activities		(106,890)	(116,072)
Cash flows from financing activities			
Proceeds from borrowings		144,680	105,888
Repayment of borrowings		(132,547)	(38,000)
Payments for finance lease liabilities		(97)	(37)
Net cash generated from financing activities		12,036	67,851
Net increase/(decrease) in cash and cash equivalents		(18,860)	18,957
Cash and cash equivalents at the beginning of the year		38,269	19,018
Effect of foreign exchange rate fluctuations on cash held		(167)	294
Cash and cash equivalents at the end of the year	12	**19,242**	**38,269**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of Norton Gold Fields Limited and its subsidiaries.

(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.* Norton Gold Fields Limited is a for-profit entity for the purpose of preparing the consolidated financial statements.

The consolidated financial statements are presented in Australian dollars.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998, and in accordance with that Class Order, amounts in the consolidated financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

(i) Compliance with IFRSs

The consolidated financial statements of the group also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value.

(iii) 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 2.

(iv) Comparative figures

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

(v) New and amended standards and interpretations

The group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2014. The nature and impact of each new standard and/or amendment is described below:

Investment Entities – Amendments to AASB 10, AASB 12 and AASB 127

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the group, since none of the entities in the group qualifies to be an investment entity under AASB 10.

Remove Individual Key Management Personnel Disclosure Requirements – Amendments to AASB 124

This amendment deletes from AASB 124 individual key management personnel ('KMP') disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions. This amendment has resulted in reduced disclosures in the group's financial statements.

Recoverable Amount Disclosure for Non-Financial Assets – Amendments to AASB 136

The amendments include the requirement to disclose additional information about their fair value measurement when the recoverable amount of impaired assets is based on fair value less cost of disposal. This amendment has resulted in increased disclosure in the group's financial statements.

1. Summary of significant accounting policies (continued)

(vi) Correction of an error

As part of the proposal of Zijin Mining Group Co., Ltd to acquire all the issued securities that it does not already own in Norton, an independent valuation was carried out by an independent expert. The fair value of a Norton share is estimated by valuing the assets and liabilities of Norton. Following the independent valuation, management reviewed the risk profile of the Mount Morgan project, including discount rates applied and probability of future cash flows that were applied in 2013 when assessing impairment. The review concluded that the discount rates and probabilities applied did not reflect the risk profile of the future cash flows. As the terms and conditions of the future cash flows were established in 2013, an impairment of $4,557,000 was recognised in the prior period.

The error has been corrected by restating each of the affected financial statement line items for the prior period, as follows:

Impact on equity (increase/(decrease) in equity)

	31 December 2013 $'000
Deferred tax asset	1,367
Capitalised mining costs	(4,557)
Total assets	**(3,190)**
Net impact on equity	**(3,190)**

Impact on statement of comprehensive income (increase/(decrease) in profit)

	31 December 2013 $'000
Impairment losses	(4,557)
Income tax benefits	1,367
Net impact on profit for the year	**(3,190)**
Attributable to:	
Equity holders of the parent	**(3,190)**

Impact on basic and diluted earnings per share (EPS) (increase/(decrease) in EPS)

	31 December 2013 Cents
Earnings per share	
Basic, profit for the year attributable to ordinary equity holders of the parent	(0.35)
Diluted, profit for the year attributable to ordinary equity holder of the parent	(0.35)

The change did not have an impact on the other comprehensive income for the period of the group's operating, investing and financing cash flows.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year and for the year then ended.

Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has all of the following:

- power over the investee which is existing rights that give it the current ability to direct the relevant activities of the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

The group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

The acquisition method of accounting is used to account for business combinations by the group (refer to Note 1(i)).

(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 Chief Executive Officer.

(d) Foreign currency translation

Items included in the financial statements of each entity of the group 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 presentation currency. The group does not have any foreign operations.

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to the profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(e) Revenue recognition

Fine gold metal and fine silver metal revenue is measured at the fair value of the consideration received or 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. Interest revenue is included in finance revenue in the profit or loss.

(f) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of discount on provisions and foreign currency losses on borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised in the profit or loss using the effective interest rate.

1. Summary of significant accounting policies (continued)

(g) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except for if it arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances arises. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or recognised in the statement of profit or loss and other comprehensive income.

Norton Gold Fields Limited and its wholly-owned Australian resident 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. The head entity within the tax-consolidated group is Norton Gold Fields Limited.

(h) Leases

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

1. Summary of significant accounting policies (continued)

(i) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest ('NCI') in the acquiree. For each business combination, the group elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Those mineral reserves, resources and exploration potential that can be reliably measured are recognised separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition-date fair value and any resulting gain or loss is recognised in the profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* ('IAS 39') is measured at fair value, with changes in fair value recognised either in the profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

(j) Impairment of non-financial assets

The group assesses, at each reporting date, whether there is an indication that an asset or cash-generating unit ('CGU') may be impaired. Management has assessed its CGUs as being an individual mining area, which is the lowest level for which cash inflows are largely independent of those of other assets. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining value in use, management judgement is applied in establishing forecasts of future operating performance, as well as the selection of growth rates, terminal rates and discount rates. These judgements are applied based on management's understanding of historical information and expectations of future performance.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

(k) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand and term deposits held at call with financial institutions with original maturities of three months or less but exclude any restricted cash. Restricted cash is not available for use by the group and therefore is not considered highly liquid.

1. Summary of significant accounting policies (continued)

(l) Inventories

Gold in circuit and ore stock piles are determined by physical measurement or estimated and cost comprises direct costs and an appropriate proportion of fixed and variable production overheads. Costs are assigned to gold in circuit and ore stock piles items of inventory on the basis of weighted average costs. The cost of raw materials and stores is determined on the weighted average cost basis. Any allowance for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any allowance for obsolescence. 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) Financial assets

(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. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. This category generally applies to trade and other receivables.

Trade and other receivables are generally due for settlement within no more than 30 days from the date of recognition. Due to their current nature, the carrying amount of trade and other receivables approximates fair value.

The carrying amount of trade and other receivables is reduced through the use of an allowance account and the loss is recognised in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

(ii) Available-for-sale ('AFS') financial assets

Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited on the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income in the statement of profit or loss, or the investment is determined to be impaired when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs.

(n) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an item of property, plant and equipment comprises its purchase price or construction cost, any costs directly attributable to bringing the item into operation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the item of property, plant and equipment. The capitalised value of a finance lease is also included in property, plant and equipment.

Subsequent costs are included in the carrying amount of an item of property, plant and equipment or recognised as a separate item of property, plant and equipment, 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 an item of property, plant and equipment is calculated on a straight-line basis to allocate its cost, net of residual values, over the estimated useful lives, except for leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation rates used for each class of depreciable asset are as follows:

- Plant and equipment 8% - 33.33%
- Buildings improvements 2.50% - 10%

1. Summary of significant accounting policies (continued)

(n) Property, plant and equipment (continued)

The residual values, the useful lives and the depreciation method used are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

(o) 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:

(i) the rights to tenure of the area of interest are current; and
(ii) 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 to 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 are reclassified to capitalised mining costs once a decision to proceed with development is made.

(p) 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 are amortised over the estimated economic life of the mine on a units of production basis. The units of production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resource (comprising proven and probable reserve). 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.

1. Summary of significant accounting policies (continued)

(p) Capitalisation and amortisation of mining costs (continued)

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 stripping costs.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, if the following criteria are met:

(i) Future economic benefits (being improved access to the ore body) are probable;
(ii) The component of the ore body for which access will be improved can be accurately identified; and
(iii) The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are allocated to the cost of ore inventory produced.

Once the group has identified its production stripping for each open pit mine, the group identifies the separate components for the ore bodies in each open pit operation based on information available in the mine plan. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is involved to identify these components.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset and is presented as part of 'Capitalised mining costs' in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating units, which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently amortised using the units of production method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. The stripping activity asset is then carried at cost less amortisation and any impairment losses.

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 ore body (for example, general mine access development and infrastructure development). These capitalised costs are amortised over the estimated economic life of the mine on a units of production basis.

1. Summary of significant accounting policies (continued)

(q) 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. Due to the current nature of trade and other payables the carrying amount, approximates fair value. Trade and other payables are classified in the category, financial liabilities at amortised cost.

(r) 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.

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.

(s) 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. Changes in estimates are dealt with on a prospective basis as they arise.

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. When a liability is initially recorded, the present value of the estimated cost of rehabilitation and restoration relating to exploration, development and milling facilities is capitalised into the cost of the related asset and depreciated or amortised over the life of the related asset. Over time, the discounted liability is increased for the change in the present value based on a discount rate that reflects current market assessments. 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.

Changes in the estimate of restoration and rehabilitation will be recognised as changes to the corresponding asset and rehabilitation provision when incurred. The unwinding of the effect of discounting on the provision is recognised as a finance cost in the profit or loss. Costs incurred that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

1. Summary of significant accounting policies (continued)

(t) 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.

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.

Other contracts that do not qualify for hedge accounting

Certain contracts to sell and deliver gold do not qualify for hedge accounting. Commodity-based (normal purchase or normal sale) derivative contracts that meet the requirements of AASB 139 *Financial Instruments: Recognition and Measurement* are recognised in earnings when they are settled by physical delivery.

(u) 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 wholly 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. 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.

1. Summary of significant accounting policies (continued)

(u) Employee benefits (continued)

(iv) Share-based payments

Equity-settled transactions

The fair value of shares and options granted 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 and options.

The fair value for shares is determined by market price at the grant 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, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

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, or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) they are treated as if vesting occurred on cancellation or settlement, and any unrecognised expenses are taken immediately to 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.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a Monte Carlo option pricing model, further details of which are given in Note 41. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

The liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

(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.

(v) 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 group 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 the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

1. Summary of significant accounting policies (continued)

(w) 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.

(x) 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.

1. Summary of significant accounting policies (continued)

(y) Accounting standards issued but not yet effective

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions)(AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in	1 January 2018	1 January 2018

1. Summary of significant accounting policies (continued)

(y) **Accounting standards issued but not yet effective (continued)**

Reference	Title	Summary	Application date of standard	Application date for group*
		profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		

1. Summary of significant accounting policies (continued)

(y) Accounting standards issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: • AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. • AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. • AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. • AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 January 2015

1. Summary of significant accounting policies (continued)

(y) **Accounting standards issued but not yet effective (continued)**

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: • AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. • AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	1 January 2015
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	1 January 2016	1 January 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate	1 January 2016	1 January 2016

1. Summary of significant accounting policies (continued)

(y) **Accounting standards issued but not yet effective (continued)**

Reference	Title	Summary	Application date of standard	Application date for group*
		the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.		
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.	1 January 2017	1 January 2017

1. Summary of significant accounting policies (continued)

(y) **Accounting standards issued but not yet effective (continued)**

Reference	Title	Summary	Application date of standard	Application date for group*
		AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.		
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 January 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 January 2016

1. Summary of significant accounting policies (continued)

(y) Accounting standards issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiave project. As part of the IASB's Disclosure Initiative projects, the IASB issued Amendments to IAS 1 in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 January 2016
Investment Entities: Applying the Consolidation Exception	Amendments to IFRS 10, IFRS 12 and IAS 28)	The amendment addresses the key issues that have arisen in the context of applying the consolidation exception for investment entities	1 January 2016	1 January 2016

* The impact of the adoption of these new and revised standards and interpretations have not yet been determined.

1. Summary of significant accounting policies (continued)

(z) Parent entity financial information

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

(i) Investments in subsidiaries

Investments in subsidiaries 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.

2. 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.

Recoverability of capitalised mining costs and property, plant and equipment

Certain assumptions are required to be made in order to assess the recoverability of capitalised mining costs and property, plant and equipment where there is an impairment indicator. Key assumptions include the future price of gold, future cash flows, future capital requirements, appropriate discount rate and estimates of recoverable reserves. Refer to Note 1(j) for relevant accounting policy.

2. Critical accounting estimates and judgements (continued)

Recoverability of capitalised mining costs and property, plant and equipment (continued)

The impairment assessment was based on future estimated cash flows expected over the life of mine, using a gold price ranges between AU$1,450 to AU$1,550 per oz and pre-tax discount rate of 12% (refer to Note 20 for details).

Exploration and evaluation expenditure

Determining the recoverability of exploration and evaluation expenditure capitalised, in accordance with the group's accounting policy (refer to Note 1(o)) where a potential impairment is indicated, requires estimates and assumptions as to whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This assessment requires estimates and assumptions about the resources, the timing of expected cash flows and future capital requirements. If, after having capitalised the expenditure under accounting policy Note 1(o), a judgement is made that recovery of expenditure is unlikely, an impairment loss is recognised in the profit or loss in accordance with accounting policy Note 1(j).

Rehabilitation provision

The group has recognised a provision for rehabilitation associated with requirement by the West Australian Department of Industry and Resources, which is to ensure that appropriate rehabilitation is carried out on tenements that are mined. In determining the level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs and the estimated future inflation level.

The ultimate liability payable to rehabilitate the mine sites is uncertain. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes to the relevant legal requirements, price increases and changes in discount rates. The discount rate used in calculation of the provision is consistent with the risk free rate.

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. 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 Note 1(p) '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 proven and probable reserve 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.

Deferred mining costs

The group defers production stage stripping costs which are calculated in accordance with accounting policy in Note 1(p). Changes in an individual mine's design will result in changes to the life-of-mine stripping ratio. Changes in other economic parameters that impact reserves will have an impact on the life-of-mine stripping ratio. Changes to deferred mining costs resulted from a change in life-of-mine stripping ratio are accounted for prospectively.

3. 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 maker (Chief Executive Officer) in assessing performance and in determining the allocation of resources. The group operates in 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 reportable operating segments broadly align with two geographical locations in Australia as this is the source of the group's major assets and operating activities which has the most effect on rates of return. The reportable operating segments are identified as follows:

- Paddington operations: This segment involves the Paddington, Bellamel and Bullabulling 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.

The accounting policies used by the group in reporting segments are the same as those used in the preparation of financial statements. Segment revenue represents gold and silver sales. Segment result is earnings before interest, tax and other significant items. Segment assets exclude tax losses and intercompany receivables.

The following table presents information for reportable operating segments for the reporting periods ended 31 December 2014 and 31 December 2013.

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
12 months to 31 December 2014			
Total segment revenue	243,443	-	243,443
Intersegment revenue	-	-	
Revenue from external customers	243,443	-	243,443
Segment result	35,624	-	35,624
Intersegment eliminations	-	-	-
Group allocated segment result	35,624	-	35,624
12 months to 31 December 2013			
Total segment revenue	259,677	-	259,677
Intersegment revenue	-	-	-
Revenue from external customers	259,677	-	259,677
Segment result	42,901	(4,557)	38,344
Intersegment eliminations	-		-
Group allocated segment result	42,901	(4,557)	38,344

The focus is on both the revenue and operating costs incurred by the operations which does not include any inter group charges. Hence, the Chief Executive Officer monitors segment performance based on the segment result (which excludes other comprehensive income).

3. Segment information (continued)

Description of segments (continued)

	2014 $'000	2013 $'000
Segment result includes depreciation of:		
Paddington Operations	(43,629)	(45,674)
Mount Morgan Project	-	-
	(43,629)	(45,674)

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

	2014 $'000	2013 $'000
Group allocated segment result	35,624	38,344
Depreciation and amortisation	(136)	(105)
Corporate office activities	(10,399)	(9,809)
Other	4	13
Finance income	759	1,548
Finance costs	(11,054)	(16,958)
Profit before tax	14,798	13,033

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 31 December 2014	343,922	7,549	351,471
Year ended 31 December 2013	282,486	8,377	290,863

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

	2014 $'000	2013 $'000
Group allocated assets	351,471	290,863
Unallocated:		
Cash and cash equivalents	15,941	37,630
Trade and other receivables	2,054	2,961
Deferred tax assets	14,623	16,220
Property, plant and equipment	258	365
Available-for-sale financial asset	3,987	-
Other assets	116	36
Total assets	388,450	348,075

3. Segment information (continued)

Information on additions to non-current assets associated with segments is provided on a regular basis to the Chief Executive Officer.

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
Total segment non-current asset additions			
31 December 2014	113,519	-	113,519
31 December 2013	153,447	-	153,447

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

Revenue from two external customers being the Perth Mint that accounted for 40% of the revenue (2013: 73% of the revenue) and Macquarie Bank Limited which accounted for 60% of the revenue (2013: 27%).

Assets of the group are located in Australia.

4. Revenue

	2014 $'000	2013 $'000
Sales revenue		
Gold sales	240,990	258,918
Silver sales	2,453	759
Total sales revenue	**243,443**	**259,677**

5. Cost of sales

	2014 $'000	2013 $'000
Mining expenses	56,050	76,396
Milling costs	36,354	39,122
Maintenance	21,416	20,515
Haulage	20,828	19,726
Royalties	7,433	8,622
General site costs(i)	14,213	16,658
Change in inventories	883	(9,054)
Depreciation and amortisation	43,575	45,674
Total cost of sales	**200,752**	**217,659**

(i) Included in this amount is operating lease expense of $909,000 (2013: $280,000) relating to light motor vehicles used in operations at site. Previous amount had been reclassified to cost of sales to be consistent with the presentation adopted in the current reporting period.

6. Administrative expenses

	2014 $'000	2013 $'000
Office and general administrative expenditure	6,753	6,286
Depreciation	189	105
Rental expense	789	603
Insurance	232	113
Directors' fees	295	305
Termination fees to directors of Bullabulling Gold Limited	739	-
Professional and consulting fees	1,562	1,765
Business development costs	1,447	519
Total administrative expenses	**12,006**	**9,696**

7(a). Write-off of non-current assets

	2014 $'000	2013 $'000
Capitalised mining costs(i)	2,983	-
Exploration and evaluation assets(ii)	2,742	-
Total write-off of non-current assets	**5,725**	**-**

(i) The write-off of capitalised mining costs relates to the Golden Flag project. It has resulted from the completion of mining activities which led to the writing off of the excess of the carrying amount of the project.
(ii) The write-off of exploration and evaluation assets is in relation to non-core exploration tenements that were surrendered during the year.

7(b). Impairment losses

	2014 $'000	Restated* 2013 $'000
Capitalised mining costs(i)	-	4,557
	-	4,557

*Refer to Note 1(a)

(i) In an independent expert's report relating to the proposal of Zijin Mining Group Co., Ltd to acquire all of the issued securities that it does not already own in Norton, the fair market value of a Norton share is estimated by valuing various assets and liabilities of Norton. As a result of the valuation the group recognised an impairment of $4,557,000 relating to capitalised mining asset of the Mount Morgan project. This impairment was related to 2013 as part of the farm-in arrangement between Norton and the independent third party farmee.

8. Other income

	2014 $'000	2013 $'000
Gain on disposal of exploration assets	-	300
Other income	133	378
Total other income	**133**	**678**

9. Employee benefits

	2014 $'000	2013 $'000
Salaries, wages and related costs (including executive directors)	49,066	46,208
Equity-settled share-based payments	70	85
Cash-settled share-based payments	322	384
Superannuation contributions (defined contribution)	4,071	3,488
Total employee benefits	**53,529**	**50,165**

10. Net finance costs

	2014 $'000	2013 $'000
Finance income		
Interest	759	1,548
Total finance income	759	1,548
Finance costs		
Net foreign exchange loss	(2,825)	(12,126)
Secured Note facility	(7,161)	(4,676)
Unwind of discount on provisions	(1,068)	(156)
Total finance costs	(11,054)	(16,958)
Total net finance costs	**(10,295)**	**(15,410)**

11. Income tax

	2014 $'000	Restated* 2013 $'000
Income tax expense/(benefit) reported in the profit or loss		
Current tax		
- current tax	-	-
Deferred tax		
- origination and reversal of temporary differences	4,742	3,943
- adjustment for previous years	(1,753)	(7,235)
- recognition of previously unrecognised tax losses	(1,387)	(2,950)
Total income tax expense/(benefit)	**1,602**	**(6,242)**

*Refer to Note 1(a).

	2014 $'000	2013 $'000
Deferred tax related to items recognised in other comprehensive income during the year		
Unrealised gain on available-for-sale financial assets	203	-
Cash flow hedges deferred in equity	(208)	-
Deferred tax charged to other comprehensive income	**(5)**	**-**

Reconciliation of income tax expense/(benefit) to prima facie tax

	2014 $'000	2013 $'000
Profit before tax	14,798	13,033
Tax expense at 30% (31 December 2013: 30%)	4,439	3,910
Non-deductible expenses for tax purposes:		
- Entertainment	18	6
- Share-based payments	68	27
- Other non-deductible expenses	(91)	-
Adjustments in respect of acquisition of operations	308	-
Recognition of previously unrecognised tax losses	(1,387)	(2,950)
Over provided in prior years	(1,753)	(7,235)
Income tax expense/(benefit)	1,602	(6,242)

11. Income tax (continued)

Tax losses not recognised

The group has tax losses of $9,632,000 that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they are restricted by the 'available fraction' ascribed to these losses, which may inhibit the group from fully utilising these losses in a given taxable year.

Tax consolidation

Norton Gold Fields Limited and its wholly owned entities formed a tax consolidated group with effect from 1 July 2010. Norton Gold Fields Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the consolidated financial statements in respect of this agreement on the basis that the possibility of default is remote.

Members of the tax consolidated group 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. The group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The allocation of taxes under the tax funding agreement is recognised as an increase or a decrease in the wholly owned entities' intercompany accounts with the tax consolidated group head entity which is receivable (payable) at call.

12. Cash and cash equivalents

	2014 $'000	2013 $'000
Cash at bank and on hand	15,743	15,074
Short-term deposits	3,499	23,195
Total cash and cash equivalents	**19,242**	**38,269**

13. Trade and other receivables

	2014 $'000	2013 $'000
Trade receivables(i)	3,759	5,437
Other receivables(ii)	2,815	2,433
Other financial assets(iii)	531	2,347
Interest receivable	18	142
Total trade and other receivables	**7,123**	**10,359**

(i) Relate mainly to gold sales and are non-interest bearing.

(ii) Arise from usual operating activities of the group and largely relating to outstanding refunds of input tax credits and diesel fuel rebates from the government. They are non-interest-bearing and are generally on terms of 30 days.

(iii) Relate to term deposits with financial institution with maturities of greater than three months.

Refer to Note 31 on credit risk on trade receivables.

14. Inventories

	2014 $'000	2013 $'000
Raw materials and stores (at cost)	10,945	12,044
Provision for obsolescence	(346)	(600)
Total raw materials and stores	10,599	11,444
Ore stockpiles (at lower of cost and net realisable value)	16,269	17,307
Gold in circuit (at lower of cost and net realisable value)	3,753	3,356
Total inventories (at lower of cost and net realisable value)	**30,621**	**32,107**

Included in the inventories amounts are raw materials and stores of $5,902,000 (2013: $4,434,000) which are not expected to be realised within 12 months after the reporting period.

15. Other assets

	2014 $'000	2013 $'000
Non-current		
Security deposits(i)	116	3,675
Total other assets – non-current	**116**	**3,675**

(i) No security deposits (2013: $1,991,000) that were collateralised in 2014 against guarantees provided by the National Australia Bank in favour of the West Australian Department of Industry and Resources for rehabilitation costs were released in current reporting period.

16. Tax assets and liabilities

	2014 $'000	Restated* 2013 $'000
Deferred tax assets arising from:		
Capital costs	978	802
Property, plant and equipment	1,393	3,062
Rehabilitation provision	8,825	7,869
Mining information	42	58
Tax losses	22,207	27,871
Research and development	5,595	-
Trade payables	600	165
Employee benefits	2,171	1,945
Borrowings	-	1,187
Cash flow hedges deferred in equity	208	-
	42,019	42,959
Deferred tax liabilities arising from:		
Inventories	(3,180)	(3,433)
Mine properties	(7,861)	(5,777)
Deferred exploration and evaluation costs	(16,152)	(17,529)
Revaluation of available-for-sale investment to fair value	(203)	-
	(27,396)	(26,739)
Net deferred tax assets	**14,623**	**16,220**

* Refer to Note 1(a).

16. Tax assets and liabilities (continued)

Reconciliation of deferred tax assets, net:

2014	Balance at 1 January $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Balance at 31 December $'000
Capital costs	802	176	-	978
Property, plant and equipment	3,062	(1,669)	-	1,393
Rehabilitation provision	7,869	956	-	8,825
Mining information	58	(16)	-	42
Tax losses	27,871	(5,664)	-	22,207
Research and development	-	5,595	-	5,595
Trade payables	165	435	-	600
Employee benefits	1,945	226	-	2,171
Borrowings	1,187	(1,187)	-	-
Cash flow hedges deferred in equity	-	-	208	208
Inventories	(3,433)	253	-	(3,180)
Mining properties	(5,777)	(2,084)	-	(7,861)
Deferred exploration and evaluation costs	(17,529)	1,377	-	(16,152)
Revaluation of available-for-sale investment to fair value	-	-	(203)	(203)
	16,220	(1,602)	5	14,623

2013	Balance at 1 January $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Restated Balance at 31 December $'000
Capital costs	190	612	-	802
Property, plant and equipment	2,853	209	-	3,062
Rehabilitation provision	7,239	630	-	7,869
Mining information	2,546	(2,488)	-	58
Mining properties	3,849	(9,626)	-	(5,777)
Inventories	392	(3,825)	-	(3,433)
Tax losses	15,550	12,321	-	27,871
Trade payables	480	(315)	-	165
Other receivables	61	(61)	-	-
Employee benefits	1,473	472	-	1,945
Borrowings	-	1,187	-	1,187
Deferred exploration and evaluation costs	(24,655)	7,126	-	(17,529)
	9,978	6,242	-	16,220

17. Exploration and evaluation assets

	2014 $'000	2013 $'000
Capitalised exploration and evaluation expenditure at 1 January	60,241	74,801
Exploration and evaluation expenditure capitalised	17,822	13,393
Acquisition of subsidiaries and operations (Note 42)	27,435	-
Write-off of abandoned exploration tenements	(2,742)	-
Transferred to capitalised mining costs	(1,741)	(27,953)
Capitalised exploration and evaluation expenditure at 31 December	**101,015**	**60,241**

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.

18. Capitalised mining costs

	2014 $'000	Restated* 2013 $'000
Capitalised mining costs - at cost	311,952	250,924
Accumulated amortisation	(198,411)	(162,885)
Total capitalised mining costs	**113,541**	**88,039**
The capitalised mining costs carried forward above have been determined as follows:		
Carrying amount at 1 January	88,039	37,235
Costs incurred during the year	62,270	54,676
Acquisition of subsidiaries and operations	-	11,202
Transferred from exploration and evaluation assets	1,741	27,953
Write-off of capitalised mining assets	(2,983)	-
Amortisation	(35,526)	(38,470)
Impairment losses	-	(4,557)
Carrying amount at 31 December	**113,541**	**88,039**

*Refer to Note 1(a).

19. Property, plant and equipment

	2014 $'000	2013 $'000
Plant and equipment – at cost	116,073	115,320
Accumulated depreciation	(26,158)	(18,196)
	89,915	97,124
Building improvements – at cost	7,647	2,422
Accumulated depreciation	(1,065)	(789)
	6,582	1,633
Total property, plant and equipment	**96,497**	**98,757**

19.Property, plant and equipment (continued)

Reconciliation

A reconciliation of the carrying amounts of each class of property, plant and equipment is set out below.

	Plant and equipment $'000	Building improvements $'000	Total $'000
Carrying amount at 1 January 2013	29,353	112	29,465
Additions	72,577	1,562	74,139
Acquisition of subsidiaries and operations	2,538	-	2,538
Disposals	(76)	-	(76)
Depreciation	(7,268)	(41)	(7,309)
Carrying amount at 31 December 2013	97,124	1,633	98,757
Additions	5,297	-	5,297
Transfer of assets	(5,225)	5,225	-
Acquisition of subsidiaries and operations	693	-	693
Disposals	(12)	-	(12)
Depreciation	(7,962)	(276)	(8,238)
Carrying amount at 31 December 2014	**89,915**	**6,582**	**96,497**

The carrying value of property, plant and equipment held under finance lease at 31 December 2014 was $553,000 (2013: $660,000). Lease assets are pledged as security for the related finance lease liabilities.

20. Impairment of non-current assets

In accordance with the group's accounting policies and processes, the group performs its impairment testing at each reporting date. Non-financial assets are reviewed at each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made.

(a) Impairment testing

Methodology

The future recoverability of capitalised mine assets and plant and equipment is dependent on a number of key factors including; gold price, discount rates used in determining the estimated discounted cash flows of cash-generating units ('CGU'), foreign exchange rates, the level of proved and probable reserves, future technological changes which could impact the cost of mining and future legal changes (including changes to environmental restoration obligations). Impairment is recognised when the carrying amount of the CGU exceeds its recoverable amount.

Fair value is estimated based on discounted cash flows using market based commodity price, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, and based on life of mine plans.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the group's planning process documents, including life of mine plans and operational budgets.

Significant judgements and assumptions are required in making estimates of fair value. This is particularly so in the assessment of long life assets. CGU valuations are subject to variability in key assumptions including, but not limited to, long term gold prices, discount rates, currency exchange rates, production assumptions and operating costs. A change in one or more of the assumptions used to estimate fair value could reduce or increase a CGU's fair value.

20. Impairment of non-current assets (continued)

(a) Impairment testing (continued)

In determining the fair value of CGUs, future cash flows were discounted using rates based on the group's estimated weighted average cost of capital. To the extent that capitalised mine assets, plant and equipment is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

Key assumptions

The table below summarises the key assumptions used in the 2014 carrying value assessments.

(i) Paddington operations

Gold price (AU$ per ounce)	$1,450 - $1,550
AUD:USD exchange rate	$0.78 - $0.80
Post-tax discount rate	6.5% - 7.0%

Commodity prices and exchange rates
Commodity prices and exchange rates are estimated with reference to external market forecasts and reviewed at least annually. The rates applied to the valuation have regard to observable market data.

Discount rate
In determining the fair value of the CGU, the future cash flows were discounted using rates based on the group's estimated real weighted average cost of capital.

Operating and capital costs
Life of mine operating and capital cost assumptions are based on the group's latest budget and life of mine plans. Operating cost assumptions reflect the expectation that costs will, over the long term, have a degree of positive correlation to the prevailing commodity price and exchange rate assumptions.

(ii) Mount Morgan project

Probability attributed to the receipt of estimated cash flows	50% to 100%
Post-tax discount rate	14% to 16%

The above key assumptions are based on an independent expert's report.

Impacts

As at 31 December 2014, the group had recognised a non-current asset impairment of $3,190,000 after tax in relation to the Mount Morgan CGU, as summarised in the table below:

CGU	**Profit & loss $'000**
Mount Morgan project	4,557
Tax	(1,367)
Total impairment after tax	(3,190)

The key drivers of the impairment for the Mount Morgan project are the probability factors that are attributed to the receipt of the estimated cash flows and discount rate assumptions.

The fair values of the group's Paddington CGUs was assessed by the group and it exceeded its carrying value.

20. Impairment of non-current assets (continued)

(b) Sensitivity analysis

Any variation in key assumptions used to determine fair value would result in a change of the estimated fair value. If the variation in assumption had a negative impact on fair value it could indicate a requirement for additional impairment to non-current assets.

It is estimated that changes in the key assumptions would have the following approximate decrease on the fair value of the Paddington operations cash-generating unit asset that was subject to impairment testing in the 2014 consolidated financial statements:

	Paddington operations decrease in fair value
	$'000
AU$100 per ounce decrease in gold price	(55,000)
1% increase in discount rate	(8,000)
$0.05 increase in AUD:USD rate	(51,000)
5% increase in operating costs from base assumption	(28,000)

It must be noted that each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact. Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

In respect of the Mount Morgan project, the sensitivity analysis was carried out by an independent expert. The probability weighted consideration receivable is in the range of $4,312,000 to $7,549,000. After effecting the impairments for the Mount Morgan project, the fair value of the asset is assessed as being equal to its carrying amount as at 31 December 2014.

21. Available-for-sale financial asset

	2014 $'000	**2013 $'000**
Investment in a listed entity – at fair value(i)	3,987	-
Total available-for-sale financial asset	**3,987**	**-**

(i) Fair value is based on quoted market price at reporting date.

22. Trade and other payables

	2014 $'000	**2013 $'000**
Trade payables(i)	10,247	12,499
Other payables and accruals(i)	21,577	16,600
Accrued interest(ii)	555	565
Total trade and other payables	**32,379**	**29,664**

(i) Trade and other payables and accruals are non-interest bearing and are normally settled on 30-day terms.
(ii) Interest payable is normally settled monthly throughout the financial year.

For explanations on the group's credit risk management processes, refer to Note 31.

23. Borrowings

	2014 $'000	2013 $'000
Current		
Gold Mountains loan - unsecured(i)	-	16,903
Finance lease liabilities - unsecured(iv)	122	114
Other borrowings – unsecured(iii)	1,361	-
Total borrowings - current	**1,483**	**17,017**
Non-current		
ICBC and ABC facilities - secured(ii)	144,696	112,826
Finance lease liabilities - unsecured(iv)	404	509
Total borrowings - non-current	**145,100**	**113,335**
Total borrowings	**146,583**	**130,352**

(i) Gold Mountains (H.K.) International Mining Co. Ltd. ("Gold Mountains") provided the Company with an unsecured loan facility of US$15,000,000 with maturity of August 2014. Interest on the unsecured loan facility was payable monthly at an interest rate of 3.3995% per annum. The loan was fully repaid in August 2014.

(ii) (a) The Company secured a US$105,000,000 credit facility through the Perth branch of Industrial and Commercial Bank of China Limited ("ICBC"). The credit facility had a term of 3 years, attracts interest of Libor plus 2.1% and is secured by a letter of guarantee issued by the Company's major shareholder Zijin Mining Group Co.,Ltd. The facility was utilised to fund the Company's capital spending requirements at its Paddington operations and to repay the $38,000,000 Jinyu loan, which was repaid in January 2013. The US$105,000,000 credit facility was fully drawn at 31 December 2013. During the reporting period, US$80,000,000 of the total credit facility was converted into an Australian dollars credit facility. This loan was repaid in full in December 2014 upon securing $120,000,000 credit facility (refer (c) below).

(b) In December 2014, the Company secured a new $40,000,000 credit facility through the Perth branch of ICBC. The credit facility has a term of 3 years, attracts interest of base rate plus 2.45% and is secured by a letter of guarantee issued by the Company's major shareholder Zijin Mining Group Co.,Ltd. At 31 December 2014, $25,000,000 was drawn down from this facility.

(c) The Company also successfully secured a new $120,000,000 credit facility jointly through the Perth branch of ICBC (50% of the credit facility) and the Sydney branch of Agricultural Bank of China (50% of the credit facility). The facility was utilised to repay the US$105,000,000 and to fund the Company's working capital requirements. The credit facility with the Perth branch of ICBC has a term of 3 years and attracts interest of base rate plus 2.1%. The Sydney branch of Agricultural Bank of China has a term of 3 years and attracts interest of 3-month BBSW plus 2.05%. The credit facility is secured by a letter of guarantee issued by the Company's major shareholder Zijin Mining Group Co.,Ltd. At 31 December 2014, the $120,000,000 credit facility was fully drawn.

(d) The following table presents the group's drawn and remaining undrawn facilities.

Bank	Drawn $'000	Undrawn $'000
Industrial and Commercial Bank of China Limited	84,696	15,000
Agricultural Bank of China	60,000	-
At 31 December 2014	**144,696**	**15,000**

(iii) These relate to an insurance funding arrangement entered into with an independent third party as part of the insurance package.

23. Borrowings (continued)

(iv) Finance lease liabilities of the group are payable as follows:

	Minimum lease payments 2014 $'000	Interest 2014 $'000	Present value of minimum lease payments 2014 $'000	Minimum lease payments 2013 $'000	Interest 2013 $'000	Present value of minimum lease payments 2013 $'000
Less than one year	150	28	122	149	35	114
Between one and five years	418	14	404	149	28	121
More than five years	-	-	-	402	14	388
	568	42	526	700	77	623

24. Provisions

	2014 $'000	2013 $'000
Current		
Employee benefits	6,650	5,382
Mine rehabilitation	1,049	1,043
Total provisions - current	7,699	6,425
Non-current		
Employee benefits	921	1,013
Mine rehabilitation	31,417	25,266
Total provisions - non-current	32,338	26,279
Total provisions	**40,037**	**32,704**

Movements in provision are set out in the table below.

	Mine rehabilitation $'000
At 1 January 2014	26,309
Acquisition of subsidiaries and operations	1,215
Change in provision	5,567
Unwind of discount on provision	1,068
Utilisation	(1,693)
At 31 December 2014	32,466

Mine rehabilitation

The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. Mine rehabilitation activities are monitored by the Western Australian Department of Mines and Petroleum and therefore, they are subject to the approval by the Western Australian Department of Mines and Petroleum. The mine rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred over the periods of up to 20 years. These provisions have been created based on the group's internal estimates. Although the ultimate cost to be incurred is uncertain, the group has estimated its costs using current restoration standards and techniques. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required. Furthermore, timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates.

24. Provisions (continued)

Mine rehabilitation (continued)

When the liability is initially recognised, a corresponding asset is also recognised as part of the development costs of the mine and is amortised over the same useful life. Over time, the liability is increased for the change in present value based on discount rates that reflect the current market assessment and the risk specific to the liability. Changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

Employee benefits

The employee benefits provision represents the provision for annual leave and 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.

25. Other financial liabilities

	2014 $'000	2013 $'000
Forward foreign exchange contract(i) - current	-	175
Commodity forward contracts(ii) – non-current	695	-
Total other financial liability	**695**	**175**

(i) This represents a foreign exchange contract with the Industrial and Commercial Bank of China Limited ("ICBC") Sydney branch of US$15,000,000 in relation to the unsecured loan facility entered into with Gold Mountains (refer to Note 23). The foreign exchange contract expired upon full settlement of US$15,000,000 in August 2014.

(ii) These relate to diesel forward contracts which are entered into to manage the group's exposure to movements in commodity price.

26. Other liability

	2014 $'000	2013 $'000
Cash-settled share-based payment liability - current(i)	433	236
Cash-settled share-based payment liability – non-current(i)	273	148
Total other liability	**706**	**384**

(i) This relates to 2014 and 2013 long-term incentive plans which are settled in cash (refer to Note 41(b)).

27. Contributed equity

	2014 $'000	2013 $'000
931,850,665 fully paid ordinary shares (2013: 931,850,662)	186,892	186,892
Less: share issue costs	(51)	(51)
Total contributed equity	**186,841**	**186,841**

27. Contributed equity (continued)

(a) Movements in fully paid ordinary shares

	2014 Shares	2013 Shares	2014 $'000	2013 $'000
Balance at 1 January	931,850,662	861,580,265	186,841	176,652
Ordinary shares issued as a result of takeover of KMC[(i)]	3	70,270,397	-	10,189
Balance at 31 December	**931,850,665**	**931,850,662**	**186,841**	**186,841**

(i) These ordinary shares were issued pursuant to the terms of Norton's takeover offer for Kalgoorlie Mining Company Limited ("KMC"). The purchase consideration comprised of 70,270,397 Norton ordinary shares and 72,591,790 Norton unlisted options.

(b) 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.

(c) Employee share options

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

(d) Unlisted share options issued as a result of takeover of KMC

Each option entitles the holder to obtain one share of the Company. These options are exercisable at $0.27 per option into one ordinary share on or before 30 April 2015.

(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 borrowings as disclosed in Note 23, cash and cash equivalents and equity. The group balances its overall capital structure through the following mechanisms: issuance of new shares, share buy-backs, capital returns as well as issuance of new debt or redemption of existing debt and cash flow management.

The group's gearing ratio is monitored and maintained at a level that is appropriate for its growth plans. The group calculates gearing ratio as net debt divided by total capital. Net debt is calculated as borrowings (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 31 December 2014 and 2013 were as follows:

27. Contributed equity (continued)

	Notes	2014 $'000	2013 $'000
Total debt	23	146,583	130,352
Less: cash and cash equivalents	12	(19,242)	(38,269)
Net debt		127,341	92,083
Total equity		168,050	154,796
Total capital		295,391	246,879
Gearing ratio		**43.11%**	**37.30%**

The increase in gearing ratio is a result of the group entering into additional external borrowings during the reporting year.

There was no financial covenant of its borrowing facilities during the 31 December 2014 and 2013 reporting periods.

28. Reserves

	2014 $'000	2013 $'000
(a) Reserves		
Equity settled payment reserve	10,648	10,578
Option reserve	1,463	1,463
Available-for-sale reserve	475	-
Cash flow hedge reserve	(487)	-
Total reserves	**12,099**	**12,041**

(b) Nature and purpose of reserves

Equity settled payments reserve

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

Option reserve

The option reserve is used to recognise the fair value of 72,591,790 unlisted options consideration as a result of the takeover of KMC.

Available-for-sale reserve

The available-for-sale reserve records movements in the fair value of available-for-sale financial assets. Where a revalued financial asset is sold or is determined to be impaired, the gain or loss included in the reserve is recognised in profit or loss.

Cash flow hedge reserve

The cash flow hedge reserve is used to record the effective portion of changes in the fair value of cash flow hedges.

29. Key management personnel disclosures

	2014 $	2013 $
Key management personnel compensation		
Short-term employee benefits	3,075,248	3,066,857
Post-employment benefits	157,609	134,435
Long-term benefits	52,195	22,099
Equity compensation benefits	231,484	320,888
Total key management personnel compensation	**3,516,536**	**3,544,279**

Interests held by key management personnel

Share options held by key management personnel have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	2014 Number outstanding	2013 Number outstanding
22 August 2012	22 August 2017	$0.241	8,000,000	8,000,000
			8,000,000	8,000,000

30. Auditor's remuneration

	2014 $	2013 $
(a) Audit services		
Auditors of the Company – Ernst & Young		
Audit and review of financial reports – current period	200,000	200,000
Audit and review of financial reports – prior period	25,000	-
Total remuneration for audit services	225,000	200,000
(b) Other services		
Auditors of the Company – Ernst & Young		
Taxation services – prior period	25,000	40,000
Other non-audit services	-	30,000
Total remuneration for other services	25,000	70,000
Total auditor's remuneration	**250,000**	**270,000**

31. Financial instruments

(a) Financial risk management objectives, policies and processes

Risk management is centrally managed by the corporate team 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. These risks include market risk (including gold price risk, interest rate and currency 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.

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.

31. Financial instruments (continued)

(b) Financial instruments

	2014 $'000	2013 $'000
Financial assets		
Cash and cash equivalents	19,242	38,269
Loans and receivables		
Trade and other receivables	7,123	10,359
Security deposits	116	3,675
Available-for-sale financial assets at fair value through other comprehensive income	3,987	-
	30,468	52,303
Financial liabilities		
At amortised cost		
Trade and other payables	32,379	29,664
Financial liabilities – borrowings	146,583	130,352
Forward foreign exchange contract	-	175
Commodity forward contracts	695	-
Cash-settled share-based payment liability	706	384
	180,363	160,575

(c) Commodity price risk

The group is predominantly exposed to commodity price fluctuations, in particular to gold and diesel prices from its normal trading and operating 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. Contracts to sell and deliver gold are accounted for as executory contracts.

In the current reporting period, the group has undertaken short-term diesel hedging to manage its exposure to movements in diesel prices. These diesel contracts, with effect from 1 January 2015, are accounted for as executory contracts (refer to Note 32(d)). In addition, the group has entered into diesel forward purchases contracts to effectively fix the changes in cash flow attributable to the movements in the diesel price. Diesel forward purchases contracts are designated into hedge relationships, comprised of contracted purchase of 4,800,000 litres for an average price of $0.786.

(d) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of the group's financial assets in the consolidated statement of financial position.

The group treasury policy for deposit transactions requires deposits with financial institutions holding a benchmark credit rating. At reporting date, cash and short-term deposits were held with National Australia Bank and Bank of China. Cash has been spread over these 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 the Perth Mint and Macquarie Bank Limited, which are perceived as reliable, with short contractual payment terms.

(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:

31. Financial instruments (continued)

(e) Liquidity risk (continued)

	Carrying amount $'000	Contractual cash flows $'000	< 1 year $'000	1 – 2 years $'000	2-5 years $'000	>5 years $'000
2014						
Trade and other payables	32,379	32,379	32,379	-	-	-
Borrowings	146,583	165,728	7,066	7,066	151,596	-
Commodity forward contracts	695	3,773	-	3,773	-	-
Cash-settled share-based payment liability	706	706	433	273	-	-
Total	**180,363**	**202,586**	**39,878**	**11,112**	**151,596**	**-**
2013						
Trade and other payables	29,664	29,664	29,664	-	-	-
Borrowings	130,352	142,133	23,259	118,466	408	-
Forward exchange contract	175	17,089	17,089	-	-	-
Cash-settled share-based payment liability	384	384	236	89	59	-
Total	**160,575**	**189,270**	**70,248**	**118,555**	**467**	**-**

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.

(f) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature. The group's ICBC and ABC facilities (refer to Note 23) are exposed to interest rate risk as they are subject to floating interest rates. As at 31 December 2014 the average interest rate of Norton's bank loans was 4.34% per annum (2013: 3.06% per annum). A 100 basis point increase or decrease in the interest rate on bank loan held at 31 December 2014 would result in $1,201,000 increase or decrease in the group's profit before tax. Management continually monitors the fluctuation of the floating interest rate. The group's cash and cash equivalents and finance lease liabilities at 31 December 2014 are fixed interest rate financial instruments. Therefore, they are not subject to interest rate risk.

(g) Foreign currency risk

The group operates principally in Australia. There was no or minimal exposure to foreign currency risk in 2014 upon settlement of the group's ICBC bank loan denominated in US dollars of USD25,000,000 (see Note 23).

(h) Fair value measurements

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

(a) quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1);

(b) other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2); and

(c) techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data (Level 3).

31. Financial instruments (continued)

(h) Fair value measurements (continued)

The following table provides the fair value measurement hierarchy of the group's assets and liabilities.

Fair value measurement hierarchy of assets as at 31 December 2014:

	Date of valuation	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value					
Available-for-sale financial assets (Note 21):					
Quoted equity shares					
Investment in listed entity	31 December 2014	3,987	-	-	3,987

There has been no transfers between Level 1 and Level 2 during the period.

Fair value measurement hierarchy of liabilities as at 31 December 2014:

	Date of valuation	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities measures at fair value					
Derivative financial liabilities:					
Commodity forward contracts (Note 25)	31 December 2014	-	695	-	695
Cash-settled share-based payment liability (Note 26)	31 December 2014	706	-	-	706
Liabilities for which fair value are disclosed (Note 23):					
Interest bearing loans and borrowings					
Obligations under finance lease contracts	31 December 2014	-	526	-	526
Fixed rate borrowings	31 December 2014	-	1,361	-	1,361
Floating rate borrowings	31 December 2014	-	144,696	-	144,696

There has been no transfers between Level 1 and Level 2 during the period.

Fair value measurement hierarchy of liabilities as at 31 December 2013:

	Date of valuation	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities measured at fair value					
Derivative financial liabilities (Note 25):					
Forward foreign exchange contract	31 December 2013	-	175	-	175
Cash-settled share-based payment liability (Note 26)	31 December 2013	384	-	-	384

There has been no transfers between Level 1 and Level 2 during 2013.

	Date of valuation	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities for which fair value are disclosed (Note 23):					
Interest bearing loans and borrowings					
Floating rate borrowings (US)	31 December 2013	-	16,903	-	16,903
Obligations under finance lease contracts	31 December 2013	-	623	-	623
Floating rate borrowings (Australia)	31 December 2013	-	112,826	-	112,826

There has been no transfers between Level 1 and Level 2 during 2013.

31. Financial instruments (continued)

(h) Fair value measurements (continued)

The fair values of the financial assets and financial liabilities for the group have been determined for measurement and/or disclosure purposes based on the following methods:

The fair values of cash, term deposits, trade and other receivables, trade and other payables and other short-term borrowings approximate their carrying amounts as a result of their short maturity.

The fair value of other borrowings as well as other long-term receivables (security deposits), that do not have an active market, are based on valuation techniques such as present value techniques, using both observable and unobservable market inputs.

32. Contingencies

The group had no contingent liabilities at 31 December 2014 (2013: Nil).

33. Commitments

(a) Operating lease commitments

The group has entered into operating leases in respect of its various office premises and vehicles used in operations. The property lease is a non-cancellable lease with a four-year term and rent payable monthly in advance. Provisions within the lease agreement require the minimum lease payments to be increased by 4% per annum. An option exists to renew the lease at the end of the respective rent agreements. The lease allows for subletting of all lease areas.

	2014 $'000	2013 $'000
These commitments are not provided for in the consolidated financial statements and are payable		
Within one year	1,542	1,266
Later than one year but not later than five years	2,032	2,974
	3,574	**4,240**

(b) Physical gold delivery commitments

The group is exposed to movements in the gold price. As part of the risk management policy of the group, the group enters into gold forward sales contracts to manage the gold price of a proportion of anticipated sales of gold. It is management's intention to settle each contract through physical delivery of gold.

The counterparty to the gold forward sales contracts is Macquarie Bank Limited ("MBL"). The gold forward sale contracts disclosed below do not meet the criteria of financial instruments for accounting purposes on the basis that they meet the normal purchase/sale exemption because physical gold will be delivered into the contract. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered to MBL or its agent.

	Gold for physical delivery oz	Contracted gold sale price AU$/oz	Value of committed sales $'000
These commitments are not provided for in the consolidated financial statements			
Within one year	97,500	1,478.91	144,194
Later than one year but not later than five years	102,500	1,490.32	152,758
	200,000		**296,952**

33. Commitments (continued)

(c) Exploration commitments

The group has certain statutory requirements to undertake a minimum level of exploration activity in order to maintain rights of tenure to its various exploration tenements. These requirements may vary from time to time, subject to approval of the relevant government departments and are expected to be fulfilled in the normal course of operations of the group to avoid forfeiture of any tenement.

	2014 $'000	2013 $'000
These exploration commitments are not provided for in the consolidated financial statements and are payable		
Within one year	7,289	7,549
Later than one year but not later than five years	29,007	31,880
More than five years	53,301	54,976
	89,597	**94,405**

(d) Diesel forward contracts commitment

The group is exposed to movements in the diesel prices. As part of the risk management policy of the group, the group enters into diesel commodity contracts which are recognised as derivative contracts (see Note 25), and diesel forward purchase contracts with the group's fuel supplier to manage the diesel price of a proportion of anticipated fuel usage. It is management's intention to settle the forward purchase contracts through physical receipt of the diesel and amounts are not recognised in the financial statements until receipt of delivery. These contracts are with effect from 1 January 2015.

The table below outlines the diesel forward contracts outstanding at the reporting date.

	Quantity Litres	Contracted fixed price $/litre	Value of commitment $'000
These commitments are not provided for in the consolidated financial statements			
Within one year	10,000,000	1.21257	12,126
	10,000,000		**12,126**

34. Capital commitments

The group had no capital expenditure contracted at the reporting date (2013: Nil).

35. Related party transactions

(a) Parent entity

The parent entity within the group and the ultimate Australian parent entity is Norton Gold Fields Limited. The ultimate parent entity and ultimate controlling party is Zijin Mining Group Co., Ltd (incorporated in China) which at 31 December 2014 owns 82.43% of the issued ordinary shares of Norton Gold Fields Limited through its wholly owned subsidiary Jinyu (H.K) International Mining Company Limited. Jinyu (H.K.) International Mining Company Limited acquired directly and through its subsidiary companies the interest in Norton on 2 August 2012.

During the reporting period 31 December 2014, Norton secured a $100,000,000 credit facility through the Perth branch of Industrial and Commercial Bank of China Limited and $60,000,000 credit facility through the Sydney branch of Agricultural Bank of China. The credit facilities have a term of three years and are secured by letters of guarantee issued by the Zijin Mining Group Co., Ltd.

35. Related party transactions (continued)

(b) Subsidiaries

Interests in subsidiaries are set out in Note 37.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 29.

(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. The Company incurred a guarantee fee of $1,474,508 (2013:$1,668,168) in relation to the Industrial and Commercial Bank of China Limited's loan paid to Zijin Mining Group Co., Ltd.

36. 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 1(b).

	2014 $'000	2013 $'000
Current assets	28,772	64,205
Non-current assets	147,573	119,094
Total assets	176,345	183,299
Current liabilities	4,420	1,928
Non-current liabilities	145,475	133,246
Total liabilities	149,895	135,174
Net assets	**26,450**	**48,125**
Contributed equity	186,841	186,841
Reserves	12,092	12,033
Accumulated losses	(172,483)	(150,749)
Total equity	**26,450**	**48,125**

	2014 $'000	2013 $'000
Loss for the year	(21,445)	(32,348)
Other comprehensive income for the year		
Other comprehensive income to be classified to profit or loss in subsequent periods (net of tax):		
Gain on available-for-sale financial assets	475	-
Cash flow hedges deferred in equity	(487)	-
Other comprehensive income for the year, net of tax	(12)	-
Total comprehensive loss for year	**(21,457)**	**(32,348)**

37. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b). There are no unconsolidated structured entities.

Name of entity	Country of incorporation	Class of Shares	Equity holding	
			2014	2013
			%	%
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	100	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
Norton Operations Pty Ltd	Australia	Ordinary	100	100
Kalgoorlie Mining Company Ltd	Australia	Ordinary	100	100
Kalgoorlie Mining Company (Bullant) Pty Ltd	Australia	Ordinary	100	100
Bullabulling Gold Limited	Australia	Ordinary	100	-
Bullabulling Operations Pty Ltd	Australia	Ordinary	100	-
Bullabulling Gold (UK) Ltd	The UK	Ordinary	100	-

Relief from preparation of financial reports for wholly owned Australian subsidiaries

A Deed of Cross Guarantee (“the Deed”) between the Company, 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 that are consolidated by Norton Gold Fields Limited, they also comprise the extended closed group.

A consolidated statement of comprehensive income and consolidated statement of financial position comprising the Closed Group, after eliminating all transactions between parties to the Deed for the year ended 31 December 2014 is set out below.

37. Subsidiaries (continued)

Closed Group consolidated statement of comprehensive income

	2014 $'000	2013 $'000
Revenue	243,443	259,677
Cost of sales	(200,752)	(217,659)
Gross profit	**42,691**	**42,018**
Administrative expenses	(10,514)	(9,705)
Write-off of non-current assets	(5,695)	-
Impairment losses	-	(4,557)
Other income	136	678
Profit before net finance costs	**26,618**	**28,434**
Finance income	758	1,548
Finance costs	(11,054)	(16,944)
Profit before tax	**16,322**	**13,038**
Income tax (expense)/benefit	(1,602)	6,242
Profit for the year	**14,720**	**19,280**
Other comprehensive income for the year		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Gain on available-for-sale financial assets	475	-
Cash flow hedges deferred in equity	(487)	-
Other comprehensive income for the year, net of tax	**(12)**	**-**
Total comprehensive income for the year	**14,708**	**19,280**

37. Subsidiaries (continued)

Closed Group consolidated statement of financial position

	2014 $'000	2013 $'000
Current assets		
Cash and cash equivalents	18,670	38,217
Trade and other receivables	6,929	10,644
Inventories	30,621	32,106
Prepayment	1,627	-
Total current assets	57,847	80,967
Non-current assets		
Deferred tax assets	16,121	17,637
Investment in subsidiaries	40,444	12,853
Exploration and evaluation assets	64,320	51,729
Capitalised mining costs	86,742	60,857
Property, plant and equipment	93,490	96,387
Available-for-sale financial asset	3,987	-
Other assets	-	3,710
Total non-current assets	305,104	243,173
Total assets	362,951	324,140
Current liabilities		
Trade and other payables	34,541	33,684
Borrowings	1,483	17,017
Provisions	7,339	5,548
Other financial liabilities	-	175
Other liability	433	236
Total current liabilities	43,796	56,660
Non-current liabilities		
Borrowings	145,100	113,335
Provisions	28,077	23,291
Other financial liabilities	695	-
Other liability	273	148
Total non-current liabilities	174,145	136,774
Total liabilities	217,941	193,434
Net assets	**145,010**	**130,706**
Equity		
Contributed equity	186,841	186,841
Reserves	12,099	12,515
Accumulated losses	(53,930)	(68,650)
Total equity	**145,010**	**130,706**

38. Events occurring after the balance sheet date

Following a decision made by the management on the exploration budget for 2015, non-core exploration tenements with a carrying amount of $1,108,000 were surrendered to the Western Australia of Department of Mines and Petroleum in January 2015.

On 6 February 2015, the group announced that a binding Scheme Implementation Agreement ('SIA') has been entered into between the group and its major shareholder, Zijin Mining Group Co., Ltd ('Zijin'). The SIA provides that Zijin will acquire all of the issued securities that it does not already own, by way of a Court approved Scheme of Arrangement for an offer consideration of $0.20 per share. The completion of the transaction is tentatively in late May 2015.

Other than the above matter, there were no matters or circumstances that 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.

39. 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 at bank and on hand and short term deposits. Full details of cash and cash equivalents are disclosed in Note 12.

	2014 $'000	2013 $'000
Reconciliation from the net profit after tax to the net cash from operating activities		
Net profit for the year	13,196	19,275
Adjustments for:		
Depreciation and amortisation	43,764	45,779
Unwinding of discount on provisions	1,068	156
Share-based payments expense	392	469
Net foreign exchange loss	2,825	12,126
Gain on disposal of exploration assets	-	(300)
Write-off of non-current assets	5,725	-
Impairment losses	-	4,557
Changes in operating assets and liabilities		
Decrease in trade and other receivables	988	5,123
(Increase)/decrease in inventories	1,485	(10,760)
(Increase)/decrease in deferred tax	1,602	(6,242)
Increase/(decrease) in trade and other payables	1,581	(5,172)
Increase in provisions	3,368	2,167
Net cash provided by operating activities	75,994	67,178

Non-cash investing activities

Leased assets of $553,000 (2013: $660,00) arising from finance lease arrangements during the current year have been recognised in the consolidated statement of financial position.

40. Earnings per share

	2014 Cents	Restated* 2013 Cents
Basic earnings per share	1.42	2.17
Diluted earnings per share	1.42	2.17

*Refer to Note 1(a).

Information concerning earnings per share:

(a) Earnings used for basic and diluted earnings per share are profit after tax of $13,196,000 (31 December 2013: profit after tax of $19,275,000).
(b) The reconciliation of weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share is as follows:

	2014 Number	2013 Number
Number used in calculating basic earnings per share	931,850,665	890,254,437
Effect of share options on issue	-	-
Number used in calculating diluted earnings per share	931,850,665	890,254,437

At 31 December 2014, total equity instruments of 80,591,790 (2013: 80,591,793) were excluded from the diluted weighted average number of ordinary shares calculation due to their antidilutive nature in the current reporting year.

41. Share-based payments

(a) Cash-settled share-based payment

The company offers annual deferred performance units, which are settled in cash based upon the company's share price at the redemption date, to key personnel provided they remain in employment with the group. Each performance unit will vest in three tranches over a three-year period.

The number of performance units to be granted is determined by dividing the long-term incentive dollar value of the award by the fair value of the performance unit on the allocation date. The key variables used in the valuation of performance units are as follows:

	2014	2013
Period of the performance units from grant date	2.08 years	2.17 years
Exercise price	-	-
Underlying share price at grant date	$0.12	$0.14
Expected dividend yield	-	-

(b) Expenses recognised in the profit or loss

Total expenses arising from equity-settled and cash share-based payment transactions recognised during the year were as follows:

	2014 $'000	2013 $'000
Performance shares	-	22
Performance options	70	63
Cash-settled share-based payment	322	384
	392	469

There were no cancellations or modifications to the awards in 2014 or 2013.

42. Business combination

On 17 April 2014, Norton announced that it had made an off-market takeover offer for all the fully paid ordinary shares in Bullabulling Gold Limited ("Bullabulling"), which is involved in mining exploration and development. Bullabulling is headquartered in Perth, Western Australia and is dual-listed on the Australian Securities Exchange and London AIM. The offer for Bullabulling continues Norton's strategy to consolidate opportunities in Western Australia's gold sector. On 5 May 2014, the Company announced that the offer had become unconditional with Norton receiving acceptances representing over 41% of Bullabulling's shares. On 14 July 2014, Norton obtained greater than 50% of the issued capital of Bullabulling. On 4 August 2014, subsequent to Norton receiving acceptances representing 75.99% of Bullabulling's shares, Bullabulling announced the appointment of Dr Chen and Dr White as directors of Bullabulling. Dr Chen was also appointed as the Chairman of Bullabulling. On 15 September 2014, Norton undertook compulsory acquisition of the remaining Bullabulling's shares.

The fair value of the identifiable net assets of Bullabulling as at the date of acquisition were:

	Fair value recognised at acquisition date $'000
Assets	
Current assets	
Cash and cash equivalents	2,055
Receivables	560
Prepayments	100
Total current assets	2,715
Non-current assets	
Receivables	186
Exploration and evaluation expenditure capitalised	27,435
Property, plant and equipment	693
Total non-current assets	28,314
Total assets	31,029
Liabilities	
Current liabilities	
Trade and other payables	(1,460)
Provisions	(289)
Total current liabilities	(1,749)
Non-current liabilities	
Provisions	(1,215)
Total non-current liabilities	(1,215)
Total liabilities	(2,964)
Net assets acquired	28,065

Details of purchase consideration transferred:

	Number of shares	**$'000**
Fair value of cash consideration for Bullabulling shares acquired ($0.08 per share)	350,811,553	28,065
Cash and cash equivalents acquired		(2,055)
Cash consideration to be settled		(977)
Acquisition of a subsidiary, net of cash acquired		**25,033**

The fair value of shares acquired is based on the price of $0.08 paid by Norton per ordinary share.

Transaction costs of $878,000 were expensed and are included in administrative expenses.

Bullabulling contributed revenue of $Nil and a net loss of $1,579,000 to the group for the period 14 July 2014 to 31 December 2014. If the acquisition of Bullabulling had occurred at the beginning of the year, the consolidated revenue and consolidated profit for the 2014 year would have been $243,443,000 and $9,836,000, respectively.

Directors' declaration

In accordance with a resolution of the Directors of the Company, we state that:

1. In the opinion of the Directors:

   (a) the financial statements, comprising statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the 12 months period ended on that date.

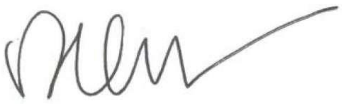
   (a) the financial statements and accompanying notes also comply with International Financial Reporting Standards as disclosed in Note 1(a); and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer in accordance with Section 295A of the *Corporations Act 2001* for the year ended 31 December 2014.

3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 37 will be able to meet any obligations or liabilities which they are or may become subject to by virtue of the Deed of Cross Guarantee.

For and on behalf of the Board



Dr D. Chen
Managing Director and Chief Executive Officer

Perth, Western Australia
30 March 2015

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Independent auditor's report to the members of Norton Gold Fields Limited

We have audited the accompanying financial report of Norton Gold Fields Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), 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 judgment, 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 controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. 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 have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' 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 31 December 2014 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 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2014. 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 31 December 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Robert A Kirkby
Partner
Perth
30 March 2015

RK:MW:NGF:032

Shareholder information

The shareholder information set out below was applicable as at 16 March 2015.

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	595	181,321	0.02
1,001 – 5,000	679	1,889,673	0.20
5,001 – 10,000	284	2,293,606	0.25
10,001 – 100,000	544	18,082,899	1.94
100,001 and over	85	909,403,166	97.59
	2,187	931,850,665	100.00

There were 898 shareholders who hold less than a marketable parcel.

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	768,090,563	82.43%
GOLDMAX ASIA INVESTMENT LIMITED	46,319,231	4.97%
SHL PTY LTD	24,300,000	2.61%
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	6,918,566	0.74%
CR INVESTMENTS PTY LTD	6,809,720	0.73%
PETER BOWMAN NOMINEES PTY LTD	6,382,800	0.68%
J P MORGAN NOMINEES AUSTRALIA LIMITED	6,182,218	0.66%
BONA SENSE INVESTMENT PTY LTD	5,536,000	0.59%
MR ROGER SING-LEONG KWOK & MS CATHERINE SIOK-CHIN TAN	4,909,613	0.53%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,029,057	0.43%
KEE KHOO SEAH	3,510,000	0.38%
MR GEOK KHIM GOH	2,700,000	0.29%
MR DIANMIN CHEN	1,726,043	0.19%
KALGOORLIE MINING COMPANY LIMITED	1,710,619	0.18%
RANAM INVESTMENTS PTY LTD	1,606,180	0.17%
CITICORP NOMINEES PTY LIMITED	1,284,746	0.14%
MR DESMOND DANIEL DOHERTY	950,000	0.10%
MS NICOLE GALLIN & MR KYLE HAYNES	725,000	0.08%
MR KWANG HOU HUNG	695,000	0.07%
MR SCOTT DAVID ALLEN	670,000	0.07%
	895,055,356	96.05%

There are no holders of greater than 20% of unquoted equity securities

Shareholder information (continued)

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	82.43

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.