NORTON GOLD FIELDS LIMITED

ASX/MEDIA ANNOUNCEMENT

20 August 2009

2009 Annual report and results - Norton poised for growth

Results for announcement to the market

Key Points

- **EBITDA for FY2009 of $36.6m, up $11m on FY2008**
- **Net cash from operations $48.4m**
- **June cash balance $45.3m, up $13.3m**
- **Capital expenditure on growth projects $29.6m**
- **Non-cash hedge adjustment $35.5m**
    - **drove a Net Loss After Tax of $16.8m**
    - **arises from a change in accounting treatment**
- **FY2009 sets a platform for growth from:**
    - **optimising the LoM and strengthening the resource base**
    - **Homestead underground project commencing production and lifting FY2010 gold output to 185 koz**
    - **reducing unit costs – through increasing grade and mining innovation**

The annual report including the annual financial report and Appendix 4E (Rule 4.3A) Preliminary Report are attached.

About Norton

Norton Gold Fields Limited is one of the largest ASX-listed domestically-owned gold producers.

Norton produces around 150,000 oz per year from its open cut operations at Paddington near Kalgoorlie in Western Australia. The current mine life is in excess of 10 years. Output is expected to increase towards 200,000 oz per year during FY2010 with the development of the Homestead underground mine now underway.

Development of the Queensland Mount Morgan Mine Project will add a further 30,000 to 35,000 oz per year gold production and has been approved by the Board subject to suitable funding. Mount Morgan can be in production within twelve months.

Completion of Homestead and Mount Morgan mines will drive total gold production to 230,000 to 250,000 oz per year and diversify production sources.

Visit us at www.nortongoldfields.com.au

For further information

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Appendix 4E (Rule 4.3A)

Preliminary Final Report

For the year ended 30 June 2009

Results for announcement to the market

(all comparisons are to the year ended 30 June 2008)

	$'000	Up/down	% movement
Revenue from ordinary activities	155,948	Up	42. 0
EBITDA	36,636	Up	38.2
Profit/(Loss) before interest, tax and movement in fair value of derivatives	20,417	down	6.4
Profit/(Loss) from ordinary activities for the period attributable to members (NPAT)	(16,775)	Down	Note 1

Notes

1. The NPAT of $(16.8) million represents a movement down of $26.0 million. Since the movement was to a loss, a percentage calculation cannot be reliably calculated. There are no minority interests

Audit

This report is based on the consolidated financial report which has been audited.

Financial report

The attached Annual Report (including the directors and annual financial report) meets those disclosure requirements not specifically identified in this document. The terms used in listing rule 4.3A reconcile to the financial report as follows:

Required	Presented
Statement of financial performance	Income statements
Statement of financial position	Balance Sheets
Statement of cash flows	Statements of cash flows
Statement of retained earnings	Statements of changes in equity

Acquisitions and disposals

Details of acquisitions are provided in the attached annual report.

Commentary on results for the period

The company operated the Paddington mine throughout the year and produced 135,067 oz of gold in the 2009 financial year.

During the year the Group conducted exploration and mining activities on its tenements and milled gold resulting in an EBITDA of $36.6 million and EBIT of $20.4 million (2008: $21.8 million). Changes to the recognition and measurement of the hedge resulted in a non-cash adjustment of $35.5 million leading to a loss after tax of $16.8 million (2008: profit $9.2 million), and undertook the following:

- production of 135,067 oz of gold
- transaction to acquire Bellamel Mining Limited
- feasibility study and refurbishment of the Kundana plant for the Mount Morgan Mine Project
- definition of coal targets at Sienna (Middlemount) in Queensland
- development work at the Homestead underground mine.

A detailed review of the year's operations is provided in the attached Annual Report.

Dividends

The Directors do not recommend payment of a dividend. No dividend was paid during the year or the previous corresponding period. Consequently there is no record date for determining dividend entitlement.

Net tangible assets per share (fully diluted)

The net tangible assets per share were 6.97 cents for 2009 and 5.75 cents for 2008. The relevant numbers excluding the hedge position are 15.98 cents for 2009 and 12.23 cents for 2008.

Additional 4E disclosures

Additional disclosures requirements can be found in the Directors Report and consolidated financial report attached to this report.

NORTON GOLD FIELDS LIMITED

ANNUAL REPORT 2009

contents

Havana: excavator loading ore

Directors and officers

A. Anthony McLellan
Non-executive Chairman

Jon B. Parker
Managing Director

A.Timothy Prowse
Executive Director

Mark D. H. McCauley
Non-executive Director

Ian McCauley
Alternate Director to M. McCauley

Leni P. Stanley
Simon C. Brodie
Co-company Secretary

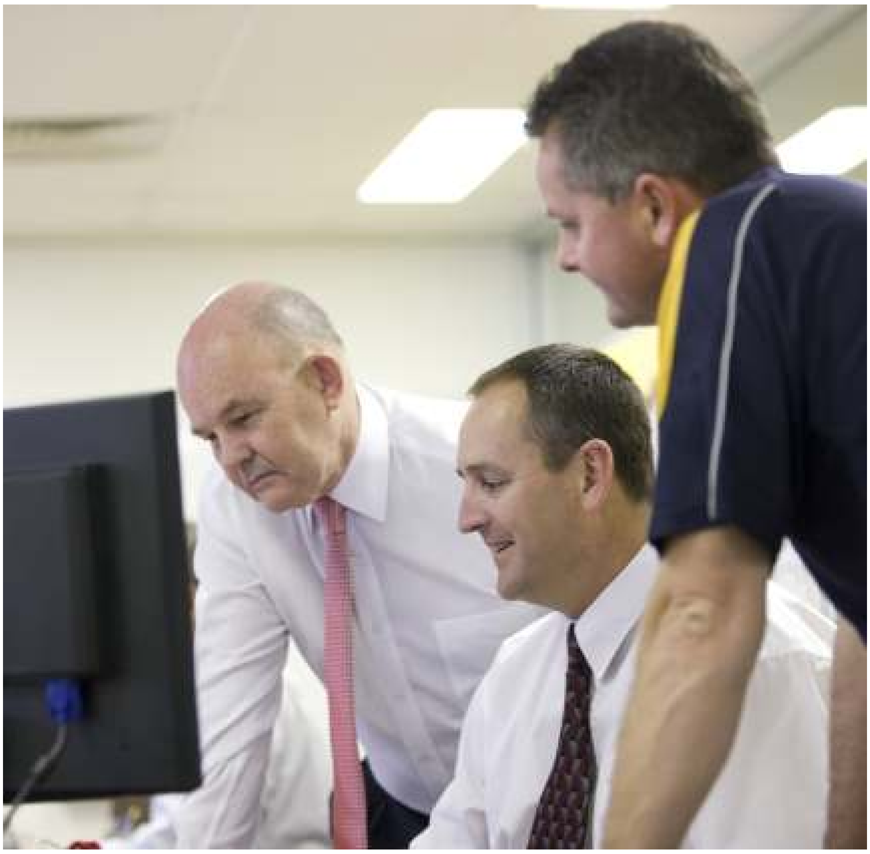
company overview

Norton is one of the largest ASX-listed Australian-owned gold producers

Norton produces around 150,000 oz pa from its open cut operations at Paddington near Kalgoorlie in Western Australia. The current mine life is in excess of 10 years. Output is expected to increase towards 200,000 oz pa during FY2010 with the development of the Homestead underground mine now underway.

Development of the Mount Morgan Mine Project will add a further 30,000 to 35,000 oz pa gold production. The project has all requisite approvals subject to suitable funding and can be in production within 12 months.

Completion of Homestead and Mount Morgan mines will drive total gold production to 230,000 to 250,000 oz pa and diversify production sources.



Management team: Jon Parker, Andre Labuschagne, Jon Price

What Norton will become

Norton intends to become a significant mining company and be increasingly recognised as a company people want to work for, do business with and own.

This will be the result of:

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

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

Norton's decision-making and behaviour, in everything we do, will be consistent with the above.

directors and management

L to R: A. Timothy Prowse, A. Anthony McLellan, Mark McCauley, Jon Parker.

A. Anthony McLellan
Non-executive Chairman

Mr McLellan lived abroad for more than 25 years where he served as the chief executive of a number of companies including the predecessor of Barrick Gold.

Mr McLellan is active in the not-for-profit world where he is a director of The Menzies Research Centre and Opportunity International Australia and chairman of Habitat for Humanity Australia Incorporated. He is a former director of Felix Resources Limited, Allomak Limited and Bemax Resources Limited.

Jon Parker
Managing Director
B. Sc. (Hons), Grad. Dip. Bus. Admin.

Mr Parker has broad experience in the resource and energy sectors with Rio Tinto (26 years) and more recently as managing director of Felix Resources Limited. He has a history of creating strong and sustainable value for business through robust strategic thinking, innovative and inclusive leadership practices and sound decision-making.

In his capacity as managing director of Felix, that company's market capitalisation grew from $17 million to over $500 million in four years. Major accomplishments in that role include reconstruction of the company, acquisition of White Mining Pty Ltd, a $61 million capital raising and development of the Minerva coal mine.

Mr Parker has an honours degree in Physical Chemistry from Sydney University (1969) and a Graduate Diploma of Business Administration from Curtin University (1979).

A. Timothy Prowse
Executive Director, Technical
B. Eng. (Hons)

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

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

Mark McCauley
Non-executive Director
B. Eng. (Hons), MBA

Mr McCauley is managing director of the Queensland-based private equity firm RMM Capital. His professional experience includes four years as chief financial officer for a large Australian coal producer and director of strategic development for a private resource investment company.

He has filled various technical and operational roles with Mount Isa Mines. Mr McCauley holds a First Class Metalliferous Mine Manager's Certificate and is a graduate of Harvard Business School's Advanced General Management Program. He completed a Master of Business Administration at Bond University, Queensland, in 1994.

significant events

FY2008

August 2007

Funding package of $70 million secured through placement of $30 million in shares at 20 cents per share, and the issuing of $40 million in convertible notes through Lehman Brothers

Paddington Gold Mine purchased from the Barrick Group

November 2007

Purchase agreement for the Mount Morgan Mine Project restructured and settled for $4.5 million

January 2008

Paddington Resource and Reserve substantially increased to 3.1 Moz Mineral Resource including 1.0 Moz Ore Reserve

Jon Parker appointed Managing Director, Tim Prowse assumed the role of Technical Director

April 2008

Paddington Resource further upgraded to 4.8 Moz (subsequently increased to 5.02 Moz in June)

May 2008

Pre-strip on the Havana open cut mine completed

Merger announced with Bellamel Mining Limited through an all scrip offer

June 2008

Produced 125,526 oz of gold in FY2008 at an annualised production rate of approximately 150,000 oz pa

FY2009

July 2008

Paddington's first Life of Mine (LoM) plan released

August 2008

Maiden profit posted following the Paddington acquisition

September 2008

Friendly takeover of Bellamel Mining Limited completed

Lehman Brothers filed for bankruptcy

October 2008

Development of Mount Morgan Mine Project approved by the board subject to funding

April 2009

Homestead underground mine development commenced

June 2009

Homestead underground mine development: officially opened by the Western Australian Minister for Mines and Petroleum; on track to be producing by December 2009

Strengthened LoM completed for Paddington (announced in July)

chairman's letter

The financial year saw the most challenging business environment in my memory. The world faced extraordinary events in financial markets that required unprecedented actions by governments around the globe.

Not surprisingly, stock markets experienced large declines and Norton Gold Fields was not immune. As a result your Company's shares are now trading well below the inherent value of the Company's assets. Recent research from Stonebridge (Australia) highlights this gap.

Our chosen commodity, gold, has prospered as a bulwark in these uncertain times although the recent strengthening of the Australian dollar against the US dollar has somewhat taken the gloss off this, if you will excuse the pun.

In simple terms, we purchased the Paddington Gold Mine for a net $39 million, financed with $40 million in convertible notes with working capital acquired through an equity issue. Since its acquisition less than two years ago, Paddington has produced over 260,000 oz of gold and continues to perform profitably. The project life is in excess of 10 years.

As a result of the global financial crisis, some of the biggest names in finance disappeared. Lehman Brothers, with whom I have dealt for decades, and who provided our convertible notes and was the counterparty to our hedge, filed for bankruptcy. Some very professional and skilled people at Lehman Brothers helped us complete the Paddington acquisition and we feel for those people who advised us so capably.

The operation of the convertible notes is not affected. The notes are repayable in 2011 and in accordance with the terms of the notes we are setting aside a sinking fund for their redemption. The Company has the right to convert the notes into shares if the share price remains above 37.5 cents for 20 consecutive trading days.

We have provided a detailed explanation of the status of the hedge, in the context of Lehman Brothers' bankruptcy. The Lehman's situation necessitates a change in the way we account for profits which may in future result in significant swings in reported income. Cash flows, which remain strong, will not be affected by the this accounting change.

In the past financial year, we have focused on building foundations for growth. Apart from producing 135,067 oz of gold, we expanded our Resources to 6.13 Moz, including Reserves of 1.24 Moz; commenced underground operations; and finalised development plans for a second theatre of operations at the Mount Morgan Mine Project. We also successfully completed the takeover of Bellamel Mining Limited.

Opening of the Homestead underground mine development
L to R: Jon Parker, Honourable Norman Moore MLC, John Bowler MLA and Anthony McLellan

The Paddington Life of Mine plan recently published demonstrates a production life of more than 10 years and there is more to come. Paddington tenements cover 1,250 sq km, contain 130 known projects and only 25 of these are reflected in the current Resource Statement. Our $8 million annual exploration budget will allow us to further expand our Reserves and Resources from this outstanding portfolio. I believe we will be at producing at Paddington for a very long time.

Production is planned to grow by over 25 per cent this financial year, as a large pre-strip program opens up good long-term sources of primary ore.

In June, we were honoured to have the Minister for Mines, the Honourable Norman Moore, and the local Member for Kalgoorlie, John Bowler, officially open Homestead, our first underground mine development. The expected production of underground ore at under A$600 per ounce, better sources of open pit ore, and a series of innovations in open pit mining, will all work to drive Paddington's unit costs down.

Norton's significant accomplishments over the past year continue the transformation of your Company. Growing production, increasing mine life, and reducing costs, will drive financial performance, and further strengthen our balance sheet. We have good flexibility, with $45.3 million cash at bank, and a further $17.8 million in cash-backed environmental bonds, at the end of June.

Jon Parker has led the Norton team exceptionally well in a year of great turmoil and pressure. Since August 2007, we have grown from one employee to over 200, recruiting an outstanding group of people. Cost control is a priority, and the team has a clear plan. They know good execution is key.

I take the opportunity on behalf of all shareholders to thank our employees for their outstanding commitment to achieving the Company's objectives. I also thank our shareholders for their continued support and look forward to seeing our growth plans fulfilled in the years ahead.

a. anthony McLellan

A. Anthony McLellan
Chairman

managing director's report

I am very pleased to report on progress for the Company over the past year, on what is being done to step up performance and what has been achieved.

Profit

EBITDA for FY2009 was $36.6 million, up $11 million on the previous year. The key drivers for the improvement in EBITDA were higher gold production and higher gold prices.

Net cash provided from operating activities was $48.4 million, a $13.3 million increase over the 2008 year. Capital expenditure on growth projects, including exploration to increase resources in the Kalgoorlie region, the development of the Homestead mine and Mount Morgan, was $29.6 million.

Our accounting policies required us to record the movement in the fair value of our hedge into the income statement. This resulted in a $35.5 million non-cash reduction to net profit before tax.

At the financial year end, net cash was $45.3 million.

Focus

The focus over the year has been on establishing a robust business platform.

For the Company as a whole, this means equipping it to achieve our medium-term production goal of 250,000 oz pa of gold in support of substantial and sustainable profit growth.

For our Kalgoorlie operations this means lifting Paddington production, increasing Reserves and Resources to strengthen its LoM plan and bringing costs down.

For our projects, notably the Homestead underground development and the Mount Morgan Mine Project, it means a commitment to outstanding project assessment, design and implementation.

The strong operating platform will underpin our Company in its progress to a new level.

Production

Gold production of 135,067 oz, was lower on an annualized basis than for the previous year. The reasons include the decision to process carbonaceous shale which delivered lower gold output, with higher cash margins, than normal operations for a period of six weeks; failure of the Nemesis pit for which the root cause has been identified and addressed; and interruptions to mine output while introducing improved mining processes.

Significant improvement in gold output is expected for FY2010. Major factors will be improved mining performance and higher grade mill feed from open cut operations. The Homestead underground mine is expected to contribute strongly in the second half.

Paddington transformed

Paddington has been transformed since Norton assumed ownership. Its acquisition was a significant step in our strategy to become a leading Australian gold producer.

Reserves and Resources

In June, Paddington's long-term position was strengthened with the completion of an updated LoM plan based on a 100 Mt Resource.

Production strategy

The LoM plan involves the processing of approximately 2.9 Mt per year of ore from open pit sources at grades between 1.4 and 2.5 g/t for around 150,000 oz of gold per year. This will be supplemented with approximately 400 kt per year of higher grade underground ore, primarily from the Mount Pleasant Gold Camp, which we expect will deliver 60,000 to 100,000 oz pa for 8-10 years.

The first high grade underground ore source is Homestead which is expected to deliver mill feed at a grade of more than 6.0 g/t from December 2009.

Sleipner transporter

Cost reduction

The disappointing mining performance over the first half of FY2009 was reversed in the second half. Norton has and will maintain a resolute focus on cost reduction and waste elimination across all its operations and projects.

The cash cost per ounce has been driven down from an average $851 per ounce for the first half of FY2009 to $732 per ounce for the second half.

At Paddington, a step change in September involved restructuring the mining fleet and shift arrangements and a reduction in the workforce. This was followed in January by a review of mining practices leading to initiatives to improve efficiency, eliminate waste and reduce costs.

For Norton, innovation is a key cost reduction lever. It is not about doing things that have never been done before but about adopting practices and technologies successfully in use elsewhere.

Examples for Paddington are: Sleipner transporter technology - in use in Indonesia, Scandinavia and Africa but not in Australia; dozer push mining - in use in the Queensland coalfields but not in the gold sector; in-pit conveying - in use in the Victorian coalfields; and carbonaceous shale processing - not previously employed in Western Australia.

Dozer push was successfully used in two campaigns to remove overburden in FY2009. It is a highly cost effective mining method in suitable situations.

Homestead underground mine

The Homestead underground project is the next step in making Paddington a very successful operation. Development began in April, all infrastructure is in place and, as of mid August, the project is ahead of schedule and within budget.

Homestead will lift Paddington's gold production and reduce unit costs. The $13.1 million capital budget has been contained through acquiring infrastructure assets from a recently closed nickel mine.

Homestead is part of the Mount Pleasant Gold Camp which comprises several high grade underground deposits. It is open at depth and along strike, exploration drilling from underground platforms will proceed in parallel to development.

Mount Morgan Mine Project

Development of our Mount Morgan Mine Project in Queensland will add a further 30,000 to 35,000 oz pa gold production. The feasibility study completed in October shows an 18-month payback for the project and substantial upside via a Stage 2 expansion to produce pyrite and copper.

Notwithstanding the almost drying up of credit markets, we see opportunities to get the project underway soon and it can be in production within twelve months of project go-ahead.

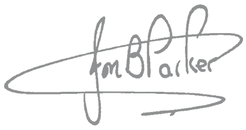
Norton intends Mount Morgan to be a show case of the Company's technical capability to design, build and bring into operation a development project in an environmentally sensitive location, whilst working effectively with key stakeholders.

Team

During the past year, a lot of work has been done to build a highly capable team. Norton is committed to working with people and organisations that share our passion for the industry and that recognise the importance of being contributing members to the communities in which we work.

At the close of the year Norton had recorded 244 days lost time injury free. This reflects well on all those who work with us.

Finally, I want to thank the many people associated with the Company – employees, suppliers, service providers, the local community and government agencies – who have helped us and supported the progress we've made over the past year.



Jon B. Parker
Managing Director

Janet Ivy: mining overburden

achievements 2009

- Acquisition of Bellamel Mining Limited
- Mining review at Paddington leading to changes including mine re-design, mine fleet reconfiguration and a new crew roster
- Paddington produced 135,067 oz of gold for the year ended 30 June 2009
- Paddington 10-year LoM strengthened
- EBITDA of $36.6 million
- Ore Reserve at Paddington increased to 1.24 Moz and Mineral Resource increased to 6.13 Moz of gold as at 30 June 2009
- Homestead underground mine development at Paddington commenced
- Feasibility Study of the Mount Morgan Mine Project completed
- Mount Morgan Mine Project Stage 1 development approved subject to funding
- Kundana plant: refurbished on time and under budget and ready to be relocated to Mount Morgan
- Mount Morgan Mine Project optimisation led to reduced capital budget and a two-stage approach
- Carbonaceous shale processing successfully undertaken
- Drilling program at Sienna coal project completed in January 2009
- Sienna initial Inferred Coal Resource defined: 57 Mt, aggregate seam thickness 8.8 to 10.1 metres

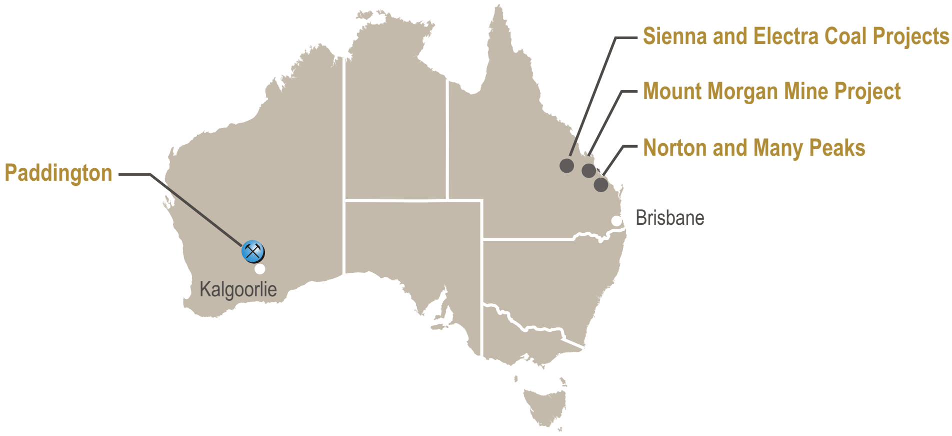
review of operations and results

COMPANY

Safety and environment

No lost time was recorded at the Mount Morgan Mine Project and the Sienna/Electra Coal Projects. During the December Quarter one lost time injury was recorded at Paddington. Norton is committed to achieving zero lost time injuries and has an active safety program across its sites based on a behavioural model.

No environmental breaches were recorded for Paddington or Mount Morgan. The Sienna Project experienced environmental compliance breaches during the September Quarter which were rectified shortly thereafter. Norton has an active environmental management program and progressively rehabilitates its mining areas.

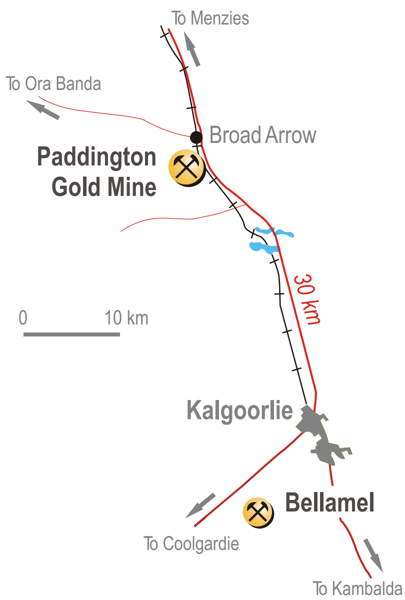


PADDINGTON

Paddington operates a conventional open cut mine and a carbon-in-pulp (CIP) processing operation with capacity to process over 3.0 Mt of ore annually from one of the largest gold plants in Australia.

Located 30 km north of Kalgoorlie, the Paddington mill operates 24 hours a day, 365 days a year. Kalgoorlie is a major regional centre and the hub for mining in the central Goldfields providing excellent support to the project. Most staff live in Kalgoorlie.

In FY2009, Paddington produced 135,067 oz of gold against a plan of 145,000 oz. Mill feed grade and plant recovery exceeded plan, however, mining performance was below



Janet Ivy: operations

plan largely due to under performance in the first half. Robinson and Ballarat Last Chance (BLC) pits were completed during the June Quarter with both pits outperforming resource model estimates. In October 2008, Paddington completed a successful trial of carbonaceous shale: planned recovery and satisfactory margins were achieved. A production run of carbonaceous shale in April 2009 yielded excellent margins.

A mining review (March 2009) highlighted several areas to step up mining performance. Gains were made during the June Quarter, notably in drill and blast performance and equipment productivity.

Homestead underground development commenced in April 2009. Progress is ahead of plan and ore deliveries to the mill are expected from December 2009.

Drilling to convert Resources to Reserves focused on the Mount Pleasant and Kalgoorlie West Gold Camps. The Total Resource was revised to 100 Mt grading 1.91 g/t for 6.129 Moz comprising: Measured, 0.24 Mt grading 1.3 g/t for 0.010 Moz; Indicated, 54.9 Mt grading 1.88 g/t for 3.321 Moz; Inferred, 44.82 Mt grading 1.94 g/t for 2.799 Moz; and a Probable Reserve of 20.74 Mt grading 1.86 g/t for 1.239 Moz.

The revised LoM plan reflects larger, longer life base-load pits supplemented with high grade underground mines.

Operations performance is summarised in the table below:

Mining

During the year, 2.615 Mt of ore grading 1.43 g/t was mined from a total material movement of 5.897 Mbcm. Mining performance below plan during the first half was due to mining inefficiencies in the September Quarter, poor drill and blast performance and a slower than expected start to dozer push operations. Actions to improve performance included leadership changes at site and replacement of the drill and blast contractor. Mining stepped up during the second half.

Implementation of the mining review recommendations contributed to this. Material movement increased by 47 per cent, ore mined and mining costs were on plan and drill and blast productivity lifted to expected levels.

Havana Stage 1 met expectations. Mining in Havana Stage 1 and pre-stripping waste from Havana Stage 3 were completed during the year. Waste from Havana Stage 3 is being backfilled into the Havana Stage 1 pit to enable construction of the final ramp, shorten load and haul cycles and reduce unit costs. Over the period to March 2010, Havana Stage 3 will provide 1.2 Mt of mill feed at approximately 2.0 g/t.

During the June Quarter two mining fleets worked at Havana Stage 3 to advance the pre-strip with one fleet moving to Janet Ivy in July 2009. Waste from the Waldon pit, now being developed, will be deposited into the Robinson pit.

		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	**FY2009**
Volume mined	(k bcm)	1,927	1,137	1,147	1,686	**5,897**
Ore mined	(k tonnes)	596	627	866	526	**2,615**
Ore grade	(g/t)	1.49	1.39	1.45	1.39	**1.43**
Ore milled	(k tonnes)	795	786	789	838	**3,208**
Head grade	(g/t)	1.37	1.41	1.48	1.52	**1.45**
Recovery*	(%)	93.4	88.9	94.7	86.8	**91.0**
Gold shipped	(oz)	32,073	31,820	36,153	35,021	**135,067**
Cash operating cost	(A$/oz)	907	795	743	720	**791**
Total cash cost**	(A$/oz)	1,127	859	874	955	**954**

* *In line with plan: lower recovery due to processing of carbonaceous shale in October and April*
** *Includes capital investment*

Dozer push was used at BLC. This is a cost effective means of moving overburden versus truck and shovel operations where conditions are suitable. A project pipeline for dozer push operations is being developed to enhance the LoM.

Janet Ivy: dozer push

Janet Ivy

The Janet Ivy project lies within the Kalgoorlie West Gold Camp, 7 km west of Kalgoorlie. This previously under-explored region has been drilled extensively over recent years and a development plan has been prepared.

Stage 1 commenced in July 2009 and is planned to produce 89,000 oz of gold over two years. The ore body is open along strike and at depth and adjoins the recently acquired Bellamel tenements to the south. Mine-life extensions are expected. Janet Ivy is being developed as a long-life open cut mine delivering base-load hard ore to the mill.

Waldon

The Waldon project lies 25 km south-east of the mill adjoining the completed Robinson and BLC pits. Drilling over the past year has defined an oxide and fresh Indicated Resource of 1.12 Mt grading 2.31 g/t for 84 koz and an Inferred Resource of 0.35 Mt grading 2.57 g/t for 29 koz. A mine design and feasibility study have been completed.

Scrapers will be used to pre-strip the 26 metres of oxide overburden cost effectively. Backfilling of the depleted Robinson pit, 150 metres to the east, will enable rapid development and reduce environmental liabilities and costs. Waldon development began in August 2009. It is expected to produce 59,000 oz of gold grading 2.0 g/t over 15 months.

Processing

During the year, 3.208 Mt of ore grading 1.45 g/t were processed to produce 135,067 oz of gold.

Mill performance met expectations as did the carbonaceous shale production runs in October and April. Shale stockpiles can be treated economically and will be exploited when the business case supports it.

Plant refurbishment work continued with structural overhaul in the milling and CIP areas. This will ensure long-term plant availability.

Homestead underground development on schedule

Homestead underground mine development began with the cutting of the portal on 18 April 2009. Mining contractor, Pybar started opening up a twin decline on 28 April 2009 and at year's end had achieved a total development advance of 721 metres (across both declines including crosscuts). The project is on schedule and within budget to intersect the Homestead ore body in December 2009.

The project was officially opened on 5 June 2009 by the Honourable Norman Moore MLC, Minister for Mines and Petroleum, and John Bowler MLA, Member for Kalgoorlie. The Minister said expansion of Paddington was a positive sign for the industry and a vote of confidence for the Goldfields and the regional community.

Homestead is part of the highly prospective Mount Pleasant Gold Camp located 18 km south-west of the Paddington mill and 28 km north-east of Kalgoorlie. The project is the first underground development by the Company and is intended to lift Paddington's gold production to over 200,000 oz pa.

The final feasibility study for the project indicated delivery of 300 kt pa of ore grading 7.4 g/t to the mill. The current Probable Reserve of 360 kt grading 8.9 g/t for 104 koz, is expected to be supplemented with additional mineralisation from the nearby VN03 vein 200 metres to the north.

During the June Quarter, resource development work was undertaken on the Tuart ore body 300 metres to the north. Tuart has a Total Resource of 780 kt at 5.95 g/t for 150 koz comprising: an Indicated Resource of 0.44 Mt grading 5.29 g/t for 75 koz and an Inferred Resource of 0.34 Mt grading 6.8 g/t for 74 koz. The current focus of exploration is to elevate the resource status and provide the basis for a Tuart Extension plan.

The Mount Pleasant Gold Camp includes Marlock and Green Gum projects, all within 500 metres of the decline, which form part of the overall underground project pipeline to be serviced from the decline. These deposits, with further infill drilling, are expected to provide high grade supplementary feed to Paddington for the next 8-10 years.

THE MOUNT MORGAN MINE PROJECT

In FY2009, Norton appointed an experienced project manager for Mount Morgan and secured the services of three companies with significant experience in process plant construction and refurbishment. A core operations team has been formed and is involved with project design and set-up.

Optimisation work is underway to ensure an efficient start when the project go-ahead is given. Work during the second half of the year, included finalisation of the plant location, relocation of the Kundana mill to the Paddington lease area, preparatory work for the plant's relocation to Mount Morgan, an upgrade of the Resource and work to secure funding.

Sampling and density test work on the tailings dumps increased the Resource estimate of Mundic, No. 2 Mill and Red Oxide dumps by 11 per cent. Other work introduced Shepherds Gully into the Resource at 4 Mt grading 0.86 g/t. This extended the Total Resource to 8.3 Mt grading 1.23 g/t.

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

SIENNA AND ELECTRA COAL PROJECTS (EPC1033)

In FY2009, Norton undertook a Phase 2 exploration program at Sienna to define a resource for coal deposits delineated during the 2008 drilling program.

The program comprising 41 holes for 5,103 metres was completed in January 2009. Data from the previous Phase 1 program comprising nine holes for 1,572 metres was reported in the 2008 Annual Report as well as results from earlier drilling and interpretation.

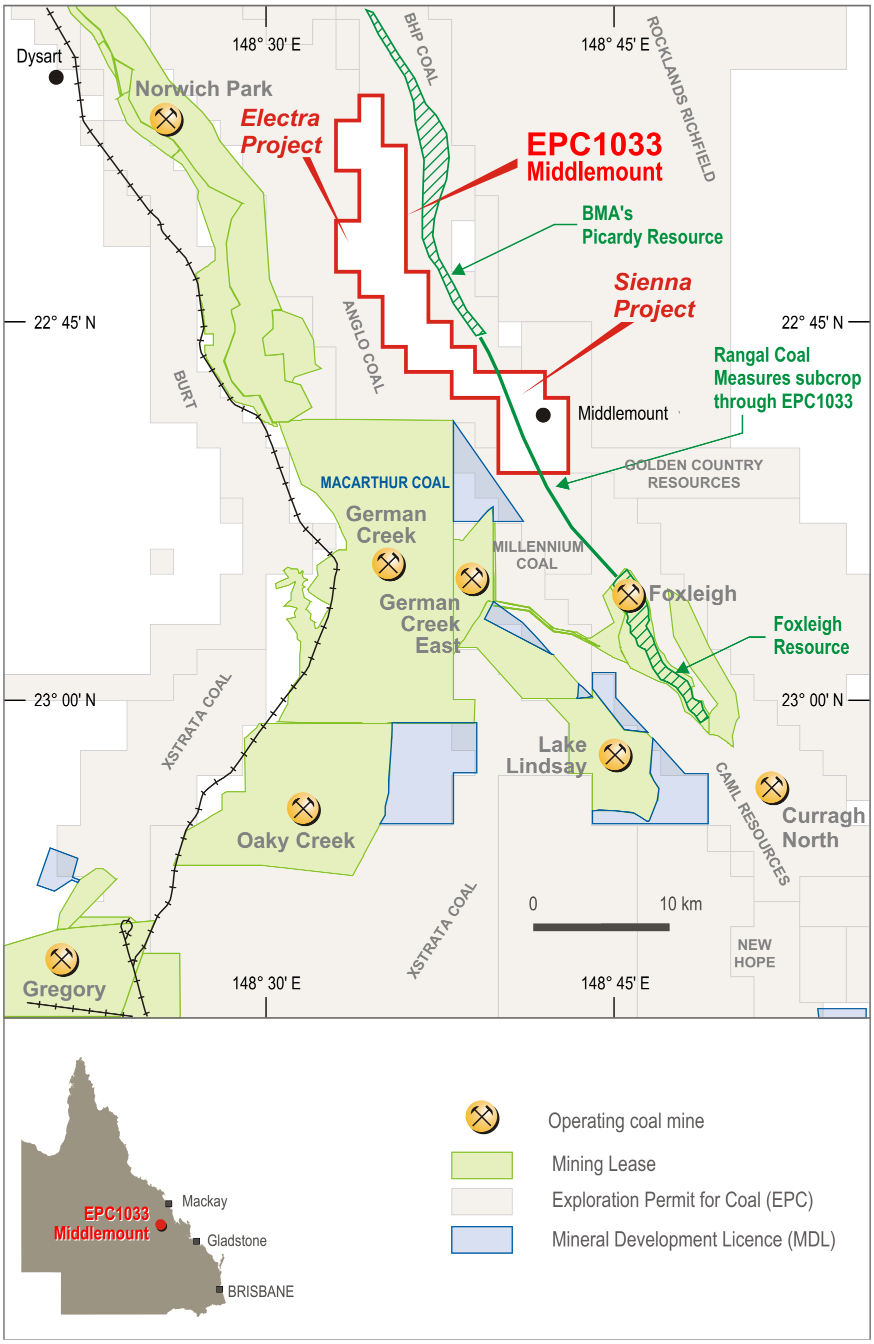
The Phase 2 program targeted shallow, sub-outcropping coal in the Rangal Coal Measures. Drilling was on a 250 x 500 metre pattern; each hole was mapped and geophysically logged: cored holes were sampled and tested for coal quality.

Primary coal seams intersected in the program were the Phillips, Leichhardt and Vermont seams.

Coal seam quality is variable. Core samples from the Leichhardt and Vermont seams indicate low volatile PCI grade coal after washing. The Phillips seam shows variable quality and may be suitable for blending with other seams to produce a saleable thermal coal product.

Coal seams in the Sienna North and South areas are covered by up to 50 metres of weathered or tertiary material that will require pre-stripping for open cut mining.

No work was undertaken on the Electra area which is prospective for underground development for high quality coking coal. The status of Electra and how best to move it forward will be considered further.



Sienna and Electra location plan

Sienna Project: core samples from drilling

OTHER PROJECTS

Norton's primary focus for the year was on the Paddington and Mount Morgan Projects with our other central Queensland assets being subject to exploration and assessment. These projects may be developed as stand-alone mines or provide supplementary feed for the Mount Morgan Mine Project.

Norton Gold Mine

No mining was conducted at the Norton Gold Mine site during the year. Further assessment was undertaken on exploration data for areas covered by recent alluvium that exhibited anomalies via geophysical assessment.

Many Peaks Copper Project

No work was done on this project during the year. Previous exploration delineated a Volcanic Massive Sulphide (VMS) style deposit comprising two significant mineralised pipes connected by mineralised veins with copper grades in excess of one per cent copper with a significant pyrite host.

Barambah Gold Project

In April 2007, the Barambah Project was farmed-out to ActivEx Exploration Ltd. ActivEx has earned 50 per cent of the project in accordance with provisions of the farm-out agreement.

TREASURY

Cash and funding position

At 30 June, Norton had $45.3 million cash at bank. This includes $5 million allocated to repayment of the Convertible Notes (CNs). Norton also has another $17.8 million in cash-backed environmental bonds. Debt at the end of June comprised $38 million of CNs.

Hedging

A requirement of the CNs that were issued to fund the acquisition of Paddington was a hedge facility that would give credit providers comfort over Norton's future cash flows.

At 30 June 2009, 210,000 oz remained sold forward at a price of A$875 per oz. Norton has withheld payment on all closed positions, in accordance with the hedge contract, since 15 September 2009.

The status of the hedge is described in announcements released on 29 April 2009 and 17 July 2009 respectively, and Notes 2, 11 and 30 of the accounts.

Convertible Notes

The CNs are held by Lehman Brothers Commercial Corporation Asia (LBCCA) ($28 million) and two Norton shareholders ($5 million each). LBCCA is in administration and being managed by KPMG Asia.

The Lehman's situation is not expected to affect the operation of the CNs. Norton has sought to discuss a possible restructuring of the CNs with noteholders and will keep shareholders advised as appropriate.

in focus for 2010

- Consolidate open cut mining at Paddington at 150,000 oz pa
- Develop a dozer push pipeline at Paddington to provide low cost, high grade small mining projects to lift mill feed grade
- Optimise the 10-year Life of Mine plan for Paddington
- Commence ore delivery from Homestead underground to lift Paddington's gold output towards 250,000 oz pa
- Embed innovative operating practices, including:
  - Sleipner transporter technology
  - in-pit conveying
  - dozer push
- Continue to drive down Paddington's unit costs
- Fund, build and commission the Mount Morgan Mine Project
- Further assess Sienna and Electra coal quality and how best to re-position these assets

Paddington: exploration drilling

PADDINGTON OPERATION

Norton owns and operates the Paddington Gold Mine which produced 135,000 oz pa of gold from open cut operations in FY2009. Production will lift to more than 200,000 oz pa as the Homestead underground development comes on stream from December 2009. Mine life is more than 10 years.

Background

First gold was won from Paddington in the late 19th Century via small underground workings; modern technology has enabled large scale open cut operations since 1985. Current operations are based on the Havana and Janet Ivy pits with a series of pits planned for development over the next 10 years. Paddington has over 300 mining leases covering 1,250 sq km of highly prospective exploration ground, more than 90 per cent of exploration has been at depths of less than 100 metres.

Targets

Paddington is quickly stepping up to become an effective operation. The mill is performing excellently; mining has improved since the December Quarter 2008 and continues to do so; we have a competent LoM plan covering the next 10 years.

Paddington's targets are:

- lift production to 200,000 then 250,000 oz pa
- increase Reserves to 1.5 Moz by June 2010
- reduce total cash costs to A$750 per oz
- lift mill feed grade from 1.6 g/t to 2.5 g/t
- strengthen the LoM plan.

Resources and Reserves

The Paddington geological database acquired by Norton includes data from around 60,000 drill holes and appraisal work undertaken over more than 25 years.

Our review of the geological database and subsequent drilling and assessment has identified 6.13 Moz of Mineral Resources including 1.24 Moz of Ore Reserves as of 30 June 2009 as defined under the JORC Code.

Bellamel added significant gold resources and early access to higher grade oxide ore.

Paddington spends more than $7.5 million a year on exploration. Recent work involved drilling of the Mount Pleasant and Kalgoorlie West areas, updating the Golden Cities and Kalgoorlie West deposits, targeting near-mine, shallow, and oxide ore extensions to known mineralisation. The Resource and Reserve position is updated progressively as assessments are completed.

Mining

Open cut mining of a series of pits provides the planned base-load to deliver 150,000 oz pa over 10 years. This is set out in the LoM plan posted on Norton's website and announced to the market on 9 July 2009.

The path to achieving 2.5 g/t target involves adding high grade ore from Homestead (and Mount Pleasant) underground from December 2009, optimising and strengthening the LoM, and adding Resources via exploration.

Processing

The 3.3 Mtpa mill, based on conventional carbon-in-pulp technology, is large, efficient, low cost and a strategic asset in the Goldfields.

Mill performance has been excellent since Norton took over with availability for the year better than planned.

The plant comprises a cone crusher, a ball and SAG mill grinding circuit, gravity recovery and cyanide leaching. Gold is extracted from slurry in the leaching circuit onto activated carbon before pumping the carbon to an elution column to wash gold into solution. The gold-bearing solution is then passed through a series of electro-winning cells that deposit the gold onto stainless steel cathodes. The cathodes are rinsed to yield a gold sludge that is dried then smelted into gold doré bars with ~75 per cent gold. The bars are sent to the mint for refining into gold bullion.

Homestead decline: preparation for blasting

Production

Paddington No. 1 and 2 open cut pits were mined until 2002. The voids are used for in-pit tailings storage and have capacity for the next 20 years.

Exploration and acquisitions have underpinned the pipeline of mill feed since the original pits were mined out.

A merger with Delta Gold in 2001 gave Paddington several potential sources of mill feed, such as the Red Hill deposit (completed in June 2007). Prior to Norton's ownership, the Mount Pleasant and Ora Banda properties were acquired from the administrator of Centaur Mining Limited, and Golden Cities was acquired from AMX.

Innovation

Paddington is committed to using innovation where this leads to improved business outcomes.

We have introduced dozer push to the Goldfields. Dozer push is common in the coal sector and suitable for Paddington's style of mining. It offers unit costs more than 50 per cent lower than for truck and shovel operations. We aim for dozer push to account for 15 to 20 per cent of mining at Paddington.

We are introducing Sleipner transporters that we expect will cut the time to move diggers between pits from a typical five days to five hours.

Paddington successfully treated carbonaceous shale during October 2008 and April 2009. Paddington has significant shale dumps. Mining costs are minimal and more than offset lower recoveries.

Community and environment

Paddington is strongly committed to its local and regional communities and has allocated two dollars for every ounce of gold produced to support social needs via partnerships with not-for-profit organisations. Paddington is committed to the pursuit of excellence in environmental performance.

The Mineral Resource estimate for Paddington is:
(as at 30 June 2009 including Ore Reserves)

Resource category	Million tonnes	Grade (g/t)	Gold (oz)
Measured	0.24	1.30	10,000
Indicated	54.95	1.88	3,321,000
Inferred	44.82	1.94	2,799,000
Total Mineral Resource	**100.00**	**1.91**	**6,129,000**

The Ore Reserve estimate for Paddington is:
(as at 30 June 2009)

Reserve category	Million tonnes	Grade (g/t)	Gold (oz)
Proven			
Probable	20.74	1.86	1,239,000
Total Ore Reserve	**20.74**	**1.86**	**1,239,000**

Havana: ore loading

paddington life of mine

The Paddington Life of Mine plan sets out a nominal 10-year mining program to support planning decisions and provide focus and direction for the Paddington operation. It will be updated as further information comes to hand.

The LoM is based on the Resource position at 30 June 2009 of a 1.24 Moz Ore Reserve and an additional 4.89 Moz Mineral Resource. The LoM is detailed on a monthly basis for the first two years, quarterly for the subsequent two years, and annually for the last six.

The LoM concept involves supplying 3.3 Mt a year to the Paddington CIP plant. Open cut mining to supply a base-load of up to 2.9 Mt and produce 150,000 oz of gold (1.65 g/t head grade, 94 per cent recovery). Underground projects, Homestead is the first, will supply over 400 kt per year of high grade feed to supplement base-load open cut feed. Underground operations, together with high grade small mining projects, are expected to generate up to an additional 100,000 oz pa.

The Paddington tenement area of 1,250 sq km contains over 130 known projects of which 78 have been the subject of modern exploration. The Resource Statement contained in this document covers 25 of them. Projects are classified by geological prospectivity and economic potential to give a 'Best-10' and 'Next-10'. This provides focus for exploration, assessment and development work.

Paddington's annual exploration budget of around $7.5 million is aimed at improving the definition of these resources and strengthening the LoM.

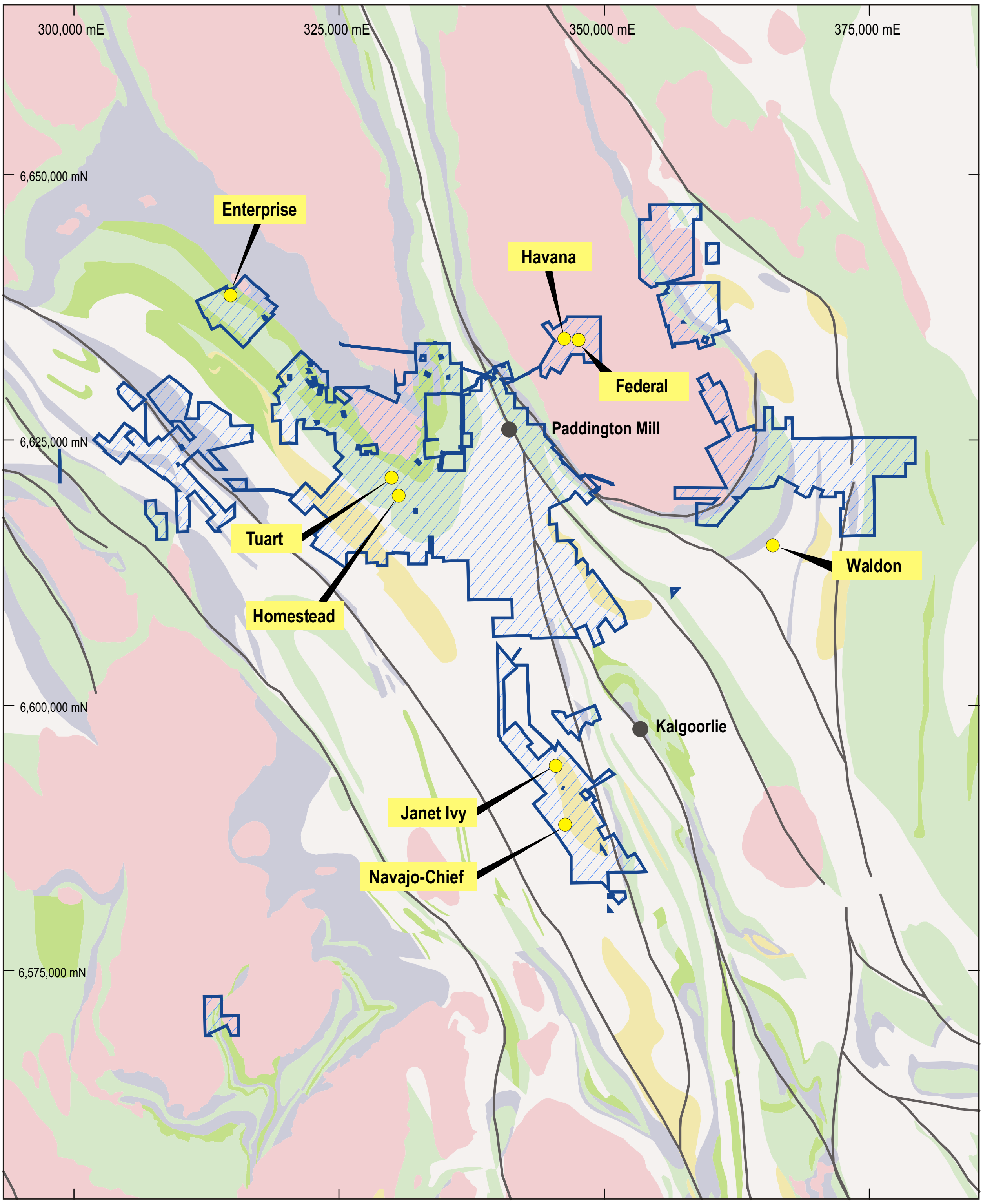
Paddington's approach to stepping up production of gold and reducing unit costs involves:

Base load feed: Large long-life projects that provide the primary source of mill feed
Ore hardness: Target is 60:40 hard to soft ore - milling rates and costs depend on ore hardness
Location: Closeness to Paddington mill and Kalgoorlie - haulage and mining costs are location dependent
Supplementary feeds: Ore bodies, generally smaller than base-load deposits, with high margins.

In addition to projects in the LoM, several advanced projects are under exploration and consideration for development. Where an advanced project proves a better option than a current project it will replace that project in the LoM.

Production and planning figures used to compile the LoM are primarily based on Proven and Probable Reserves and conversion of known Resources based on a suitable conversion factor.

Paddington management team (L to R): Peter Ruzicka, Jon Price, Grant Deverell, Greg Shay, Grant Hayward



Granitoids
Mafics
Ultramafics
Felsic volcaniclastics
Sedimentary sequences

Life of Mine Projects
Paddington Tenure

Gold Deposits over Paddington Tenure and Solid Geology

0 10 20
Kilometres

Projection: MGA Zone 51 (GDA94)

summary of LoM projects

Projects in Reserve category that form part of the LoM

Havana Stage 3

Reserve 1.12 Mt @ 1.98 g/t, 12 km north-east of the mill and 37 km north of Kalgoorlie, an operating open cut mine producing base-load hard ore.

Stages 1 and 2 have been completed, Stage 3, started in January 2009, has been pre-stripped (25 metres) and will deliver 1.1 Mt of mill feed at 2.02 g/t to produce 68 koz.

The overall strip ratio is 7.3:1, pre-stripping has resulted in a remaining strip ratio of 4.8:1.

Waldon

Reserve 0.76 Mt @ 2.19 g/t, 25 km south-east of the mill and 20 km north-east of Kalgoorlie, planned to be developed as an open cut mine producing soft and hard ore to supplement base-load feed.

Paddington's right to mine for the area expires in late 2010.

Mining operations are due to start in August 2009 and run until October 2010. Waldon has a 25 metre pre-strip, an 8:1 strip ratio and will deliver 0.9 Mt of mill feed at 2.0 g/t to produce 59 koz over 15 months.

Janet Ivy

Reserve 2.16 Mt @ 1.51 g/t, 33 km south of the mill and 10 km west of Kalgoorlie, being developed as an open cut mine to deliver base-load hard ore.

Stage 1 operations began in late July 2009 and are planned to run until March 2011. It has a 3 metre pre-strip, a 3:1 strip ratio and will deliver 2.2 Mt of mill feed at 1.3 g/t to produce 89 koz over two years.

Stage 2 is based on defined extensions at depth and along strike. It is expected to deliver 2.0 Mt of similar grade and produce 89 koz over two years.

There is potential to extend mine life. Janet Ivy is a long-life, base-load mine.

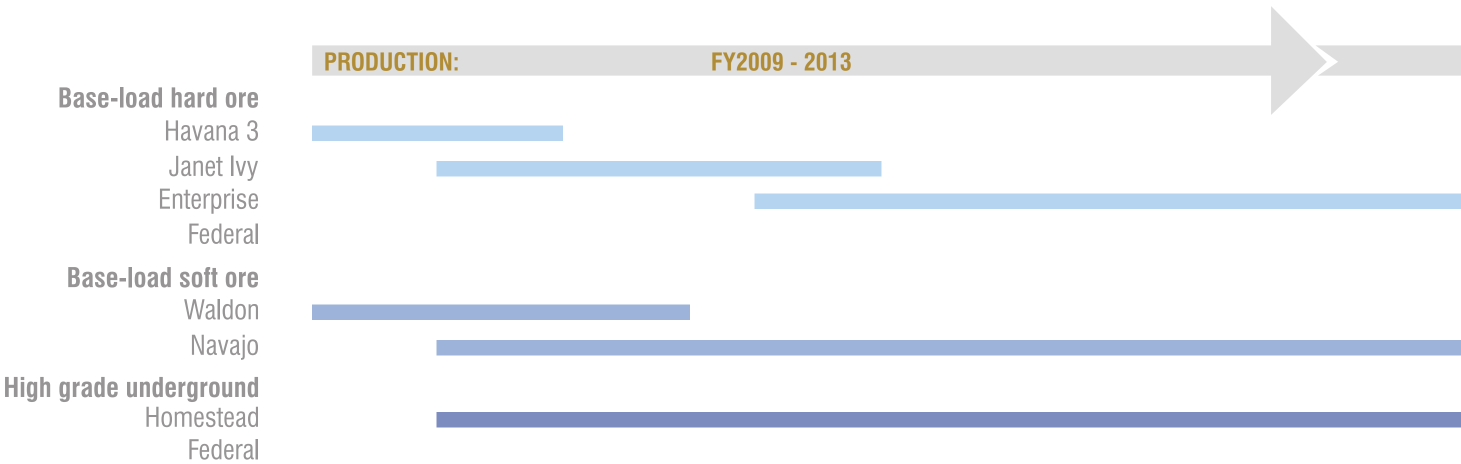
Navajo Chief

Reserve 2.90 Mt @ 1.38 g/t, 39 km south of the mill and 8 km west of Kalgoorlie, planned to be developed as an open cut mine to deliver base-load soft ore.

Stage 1 operations are due to start in January 2010 and run until June 2012. It has 30 metre pre-strip, a 5:1 strip ratio and will deliver 3.3 Mt of mill feed at 1.6 g/t to produce 168 koz over three years.

Stage 2 is based on defined extensions along strike. It is expected to deliver 4.0 Mt of similar grade and produce 205 koz over four years.

There is potential to extend mine life further at depth and along strike. Navajo Chief is a long-life, base-load mine.



Homestead

Reserve 0.36 Mt @ 8.90 g/t, 18 km south-west of the mill and 28 km north-east of Kalgoorlie, being developed as an underground mine to deliver high grade hard ore.

Development began in April 2009, stoping is planned to start in December 2009.

Stage 1 will deliver 0.6 Mt of mill feed at 6.9 g/t to produce 128 koz over two years.

The ore body is open along strike north and south and at depth. Drilling in these areas is limited.

Tuart underground

Resource 0.78 Mt @ 5.95 g/t, 12 km south-west of the mill and 28 km north-east of Kalgoorlie, being developed as an underground mine to deliver high grade hard ore.

Development off the Tuart decline is due to commence in December 2011 with stoping commencing in March 2012. It will deliver 0.72 Mt of mill feed at 6.0 g/t to produce 150 koz over two years.

Mineralisation occurs in three separate vein structures with two of these open to the west towards the Quarters open pit and Homestead underground development.

Enterprise

Reserve 5.25 Mt @ 2.07 g/t, 38 km north-west of the mill and 68 km north-west of Kalgoorlie, planned to deliver base-load hard ore.

Feasibility studies for both open cut and underground development are well advanced and will be the basis for determining the optimal mining method.

Operations are currently planned to start in January 2011 and run until June 2017, delivering up to 1 Mtpa of mill feed and producing 495 koz over seven years.

Mill feed grade will be from 1.9 g/t to 3.5 g/t depending on the final mine plan.

There is potential is to extend the mine at depth and also bring project development forward.

Federal open cut

Reserve 1.73Mt @ 1.88g/t, 12 km north-east of the mill and 37 km north of Kalgoorlie, planned for development as an open cut mine to deliver base-load hard ore.

Operations are due to start May 2017 and run until June 2019. It has a 25 metre pre-strip, a 7:1 strip ratio and will deliver 1.4 Mt of mill feed at 1.9 g/t to produce 84 koz over two years.

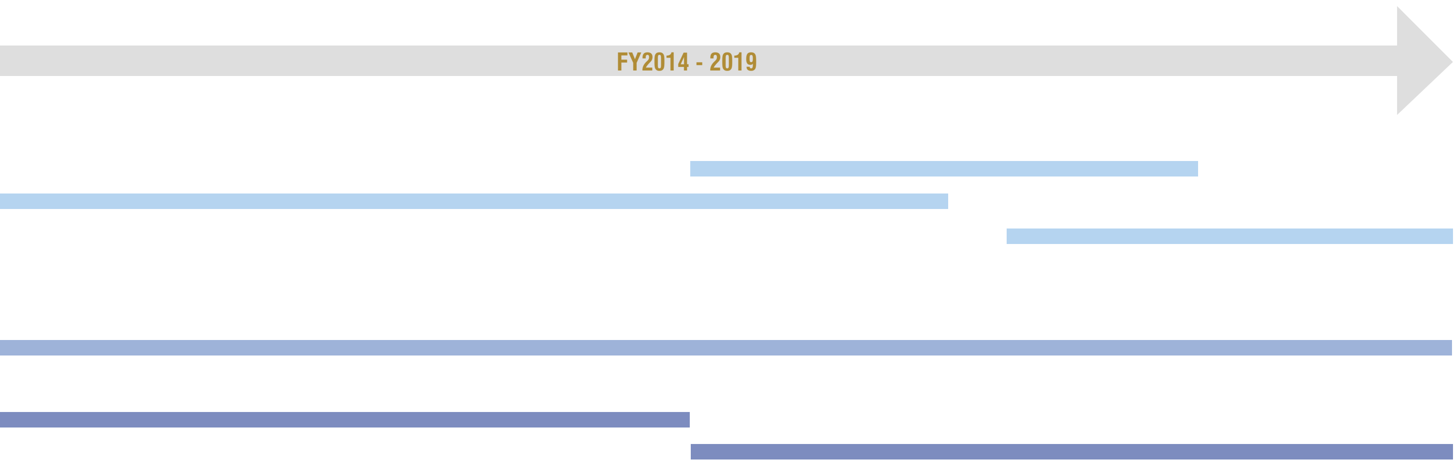
There is potential to extend the mine at depth and along strike.

Federal underground

Resource 0.61Mt @ 6.35g/t, 12 km north-east of the mill and 37 km north of Kalgoorlie, planned to be developed as an underground mine to deliver base-load hard ore.

Decline development is due to commence in February 2016 with stoping commencing in July 2016. It will deliver 0.72 Mt of mill feed at 7.5 g/t to produce 174 koz over two years.

The ore body is open at depth. There has been limited drilling targeting the north plunging shoots.



Advanced prospects that currently do not form part of the LoM

Green Gum Located 18 km west of Paddington mill within the Mt Pleasant Camp. Reserve of 1.39 Mt @ 2.47 g/t includes a high grade supergene component at Blue Gum East and mineralisation adjacent to the Blue Gum pit that is amenable to dozer push. Up to 80 per cent soft (oxide and transitional) ore. Strip ratio 15.7:1. High grade primary mineralisation with underground development potential still to be evaluated. Could come into the LoM plan to replace higher cost oxide projects.

Greater Mt Pleasant Located 15 km west of Paddington mill. Resource of 11.27 Mt @ 2.82 g/t includes the large Racetrack deposit containing 4.94 Mt @ 3.4 g/t and several smaller open pit and underground deposits. Marlock and Golden Road are the main underground targets.

Lady Bountiful Located 20 km west of Paddington mill. Resource 4.19 Mt @ 1.41 g/t. Mineralisation predominantly soft palaeochannel oxide material, located adjacent to historic open pits and dozer push potential is evident. Resource remodelling currently underway to be followed by optimisation studies. Mining could start as early as 2010.

Fort William North Located 35 km south-west of Paddington mill. High grade supergene and primary mineralisation over a 300 metres strike extent with potential to extend the strike extent to up to 1 km. No resource estimate as yet, further drilling is required.

Ben Hur Located 45 km south of Paddington mill. Resource 9.29 Mt @ 1.74 g/t. The Ben Hur deposit lies south along strike of Navajo Chief and comprises both soft oxide and hard primary ores. Further drilling and evaluation is required.

Mulgarrie Located 27 km east of Paddington mill. Reserve 0.64 Mt @ 3.53 g/t. Mineralisation comprises fresh (hard) ultramafic ore.

Bellevue Located 25 km west of Paddington mill. Current unclassified small but high grade resource. Potential for a small open pit or underground operation to supplement high grade underground feed.

Breakaway Dam Located 30 km west north-west of Paddington mill. Unvalidated resource, predominantly soft oxide ore, favourable to dozer push operation.

Gidji Located 12 km south of the Paddington mill. Potentially large, low grade resource comprising and aggregation of smaller deposits. Resource is unvalidated and yet to be reviewed. Could form a supplementary soft oxide feed.

Rose West Reserve 0.24 Mt @ 2 g/t. Located 18 km south-west of the Paddington mill. Comprises soft supergene and palaeochannel hosted mineralisation which could form a supplementary short term feed within the schedule.

Golden Flag Reserve 0.27 Mt @ 2.5 g/t. Located 12 km south-west of the Paddington mill. Supplementary pit, used to fill short-term gaps in schedule. Both supergene and primary mineralisation occur.














THE HOMESTEAD UNDERGROUND PROJECT

Norton began to develop the Homestead underground gold mine in April 2009 and aims to have it in production by December 2009.

Lifts Paddington towards 250,000 oz pa

It will lift Paddington output from the current 150,000 oz pa from open cut operations towards 250,000 oz pa in FY2011.

Opens up the Mount Pleasant Gold Camp

Homestead is part of the Mount Pleasant Gold Camp 18 km from the Paddington mill. The camp's several deposits are expected to deliver up to 100,000 oz pa over 8 -10 years.

Homestead is open at depth and along strike. Exploration drilling from underground platforms will proceed in parallel to development.

Development is ahead of plan

Development of 721 metres was achieved by 30 June 2009. As of July 2009, two Tuart veins and one Green Gum vein have been intersected.

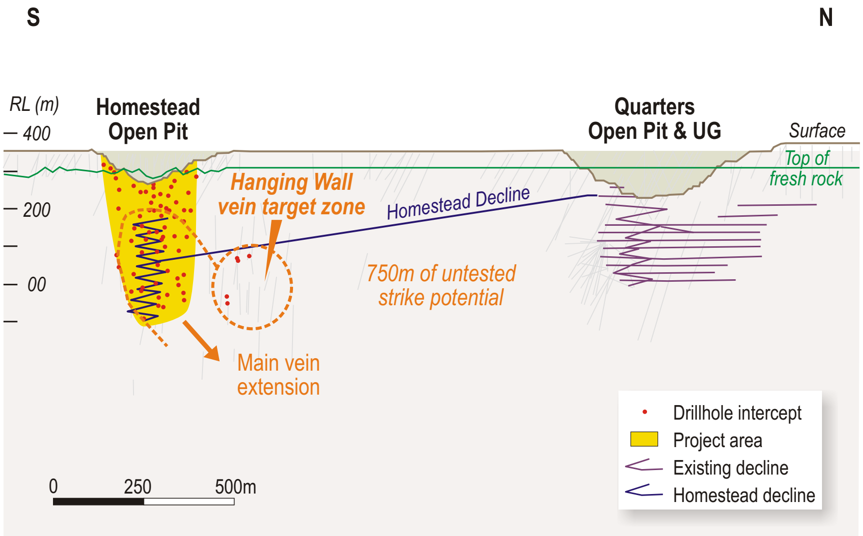
Access to the ore body is by a 1,300 metre twin decline from a portal in the depleted Quarters open cut. This gives more production capacity, better ventilation and a second means of egress. Infrastructure assets were in place and fully operational within a month of project start.

Total cash cost of below A$600 per oz

Estimated total cash cost of A$598 per oz includes A$13.1 million for initial development.

Use of existing Quarters infrastructure and facilities including a workshop, water, electrics and portal site have reduced investment costs and simplified development.

Norton has appointed mining contractor, Pybar to develop the decline. Pybar has an extensive client base that includes Xstrata, Newcrest and Perilya.



Homestead and Quarters: schematic long section

Homestead: portal in Quarters' highwall

Homestead portal: inspected by the Minister of Mines and Petroleum, Hon.Norman Moore MLC

The Resource is a look-alike to Quarters

Mineralisation is hosted in quartz veins in the same geological setting as the Quarters mine. Quarters underground operations produced 339,000 oz of gold at 6.2 g/t. Homestead should deliver mill feed of 7.4 g/t.

The known economic mineralisation appears at around 150 metres below surface and extends a further 300 metres. All mineralisation is free milling and hosted in fresh rock.

We expect to significantly extend the Resource for Homestead and the Gold Camp by early drilling from underground platforms.

Simple operations with upside potential

Stoping will be by conventional up-hole bench stoping using 10 metre long-holes. Stopes will be back-filled with development waste and a concrete pillar installed every third level for ground stability and to enable high recovery.

Mineral Resource
(as at 30 June 2009)

Indicated			Inferred			Total		
Mt	g/t	koz	Mt	g/t	koz	Mt	g/t	koz
0.42	14.0	188	-	-	-	0.42	14.0	188

Ore Reserve
(as at 30 June 2009)

Proven			Probable			Total		
Mt	g/t	koz	Mt	g/t	koz	Mt	g/t	koz
-	-	-	0.36	8.9	104	0.36	8.9	104

One of a pipeline of underground projects

Developing a pipeline of high grade underground mines is the key to making Paddington a long-life, highly profitable mine.

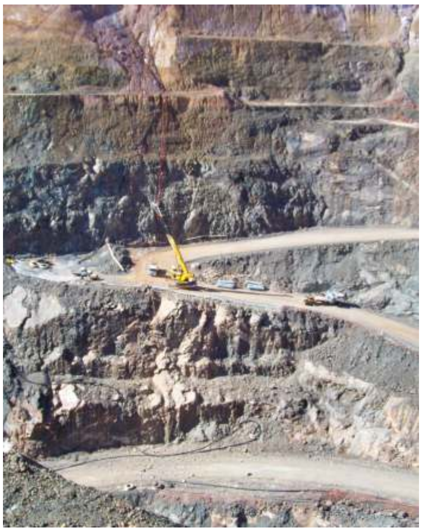
Homestead opens the Mount Pleasant Gold Camp which also encompasses Homestead Extension (40 metres from decline), Tuart (300 metres from decline), Marlock, Golden Kilometre, Green Gum, Golden Swan and Black Flag deposits.

Strengthens Paddington operations

Underground mining broadens Norton's operational capability and strengthens Paddington. Homestead high grade ore will lift production and reduce unit costs. Our aim is to replace 10 to 20 per cent of lower grade mill feed from open cut operations with high grade ore from underground. We intend Homestead as a showcase for Norton's capability to design, build and bring into effective operation an underground mine.

Project risk is low

Homestead is a relatively simple, low risk underground development. Operational risks are low. Mining techniques are those established as good practice in the Goldfields, an experienced crew has been engaged and is making excellent progress. Safety is emphasised in all we do.



Homestead: portal in Quarters' highwall

THE MOUNT MORGAN MINE PROJECT

Norton will build a tailings retreatment project at Mount Morgan to initially produce 35,000 oz pa of gold over 12 years and plans to extend the project to produce 200 kt pa of pyrite and 1 kt pa of copper in concentrate.

The project has all requisite approvals subject to funding. Norton sees opportunities to get the project away soon and plans to have it in production within 12 months of project go-ahead.

Background

Norton acquired the project in late 2007, completed a detailed feasibility study, and has refurbished the Kundana plant for relocation to Mount Morgan in support of the project.

Mount Morgan was discovered in 1882 and mined for over 100 years to produce 8 Moz of gold and 345 kt of copper. From 1981 until 1991, a retreatment operation processed 28 Mt of tailings before closing due to low gold prices and high reagent costs. The project, incorporating 30 mining leases covering 677.5 hectares, is wholly owned by Norton.

The project is in two stages

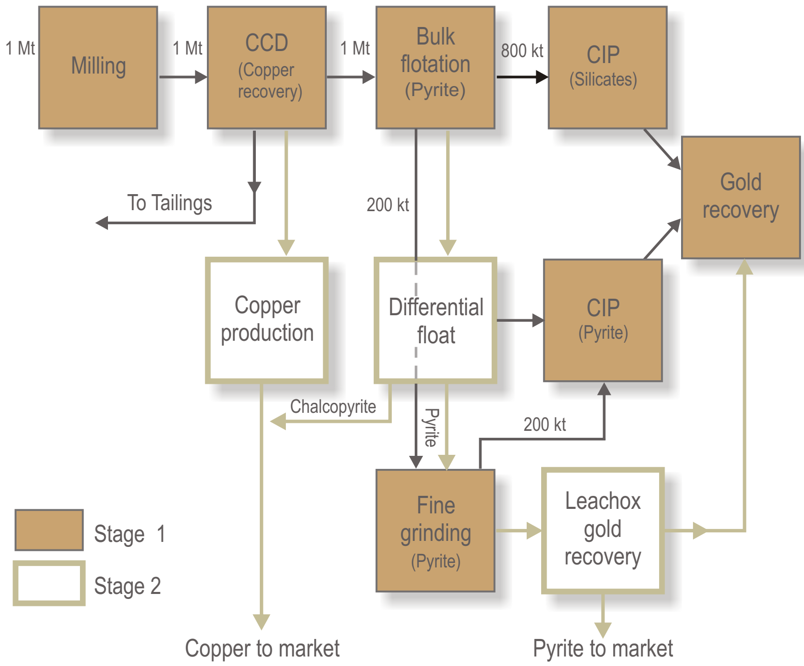
Stage 1: Relocate and reassemble the Kundana plant on site with minimal re-engineering but allowing for subsequent optimisation and expansion.

The plant draws on well defined tailings and other stockpiles established from over 100 years of mining. Ore is milled, soluble copper is separated and then pyrite is floated off. Gold recovery is via a twin-stream (pyrite and float tails) conventional carbon-in-pulp circuit.

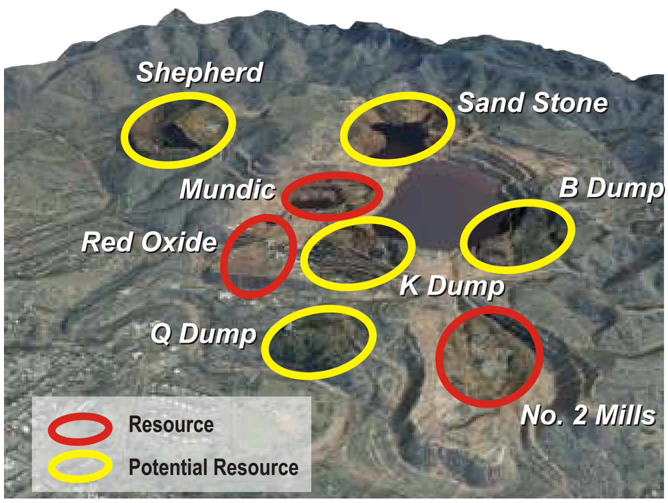
Stage 1 will process 1 Mtpa to deliver 35,000 oz pa of gold for a total operating cash cost of less than A$650 per oz. The budgeted capital investment is $31.7 million. A series of optimisation initiatives are planned to lift recovery and reduce operating costs.

Stage 2: Add extraction, cleaning and drying circuits to produce pyrite and copper. The target market for pyrite is Asia which imports 5 Mtpa from Europe. There is significant interest from potential off-takers. Off-take agreements are anticipated once Stage 1 is in operation.

Mount Morgan: remnant facilities from historical mining



Mount Morgan: plant flowsheet



Mount Morgan: sources of mill feed

Resources and mineral inventory

The 12-year project life is based on a mineral inventory of more than 40 Mt including a JORC Code-compliant Inferred Resource of 8.3 Mt.

Operations

Mining will be by conventional truck and loader. Services and infrastructure for the site are largely in place. Processed tailings will be stored in a new Sandstone Gully tailings dam within the mining area.

Project management

Norton has appointed an experienced project manager and secured services of three companies with significant experience in process plant construction and refurbishment. A core operations team has been formed and is involved with project design and set-up.

Future developments

The Mount Morgan Mine project is a significant development project for Norton. It will be a showcase of the Company's technical capability to design, build and bring into operation a development project while working effectively with key stakeholders in an environmentally sensitive location.

Environment, community and heritage

The proposed development and operations will assist in rehabilitation of the site. Importantly, the Queensland Government retains liability for environmental rehabilitation arising from previous mining activities.

The project is adjacent to the town of Mount Morgan, 36 km south-west of Rockhampton, Queensland. Mining is central to the area's history. The project will deliver significant benefits to the local economy and provide employment opportunities and increased opportunities for small business. It is expected to create 50 direct and 200 indirect jobs. Safety is emphasised in all we do.

Mount Morgan: view of old mine area

Mount Morgan: location map

The Mineral Resource estimate for Mount Morgan is:
(as at 30 June 2009)

Dump	JORC Category	Million tonnes	Grade (g/t)	Gold (koz)
Mundic	Indicated	0.833	1.93	52
	Inferred	0.357	1.82	21
No. 2. Mill	Indicated	1.264	1.16	47
	Inferred	1.099	1.17	41
Red Oxide	Indicated	0.390	2.23	28
	Inferred	0.445	2.15	31
Shepherds	Inferred	3.960	0.86	106
Total		**8.348**	**1.23**	**326**

SIENNA AND ELECTRA COAL PROJECTS

Overview

Norton secured title to coal tenement EPC1033 in March 2006. The southern area, which is prospective for open cut PCI mine development, is called the Sienna Project; and the northern area, prospective for underground coking coal, is called the Electra Project.

In June 2008, a drilling program over the Sienna area was completed. This was the basis for an independent scoping study which indicated the potential for an open cut PCI mine.

A second phase drilling program covering the Sienna area was completed in April 2009 resulting in a JORC Code-compliant coal Mineral Resource of 57 Mt being defined.

The Company is now assessing how best to reposition the project.

Electra has the potential for high quality coking coal at depths below 300 metres similar to that mined at the nearby Norwich Park Mine. Electra has had limited drilling. The status of Electra, and how best to move it forward, will be considered in conjunction with the Sienna project.

Inferred Coal Resource for Sienna Project (EPC 1033)

	Sienna North		Sienna South	
Coal seam	**Cumulative ply thickness (m)**	**Million tonnes**	**Cumulative ply thickness (m)**	**Million tonnes**
Phillips	2.97	7.49	4.68	11.60
Leichhardt	3.59	12.5	4.02	11.91
Vermont	2.21	9.05	1.39	4.46
Total	**8.77**	**29.05**	**10.09**	**27.97**

Sienna Project: drilling operations

OTHER PROJECTS

Norton and Many Peaks Projects

Norton's focus for the year was on the Paddington and Mount Morgan projects which present pathways for the Company to strengthen its position as a major Australian gold producer. Work was undertaken on the Middlemount Coal Project. Norton's other Queensland assets were placed on care and maintenance for possible future integration with the Mount Morgan Mine Project.

The Norton Gold Mine, located in the Boyne Valley, Central Queensland was first discovered and brought into operation in the late 1800s. Records indicate that 16,000 oz of gold were produced from underground workings in the years up to 1900. Open cut mining in the 1990s produced a further 1,285 oz of gold.

Norton reported in its 2005 Prospectus a total measured, indicated and inferred resource of 453 kt of ore grading 7.4 g/t for 107,000 oz of gold. Ore from the Norton mine was toll treated at the Gympie plant from November 2005 until operations were suspended in October 2006 due to issues at the Gympie plant. The Gympie plant has since closed.

The Norton Gold Mine is prospective for re-opening in circumstances where ore can be treated via the Mount Morgan process plant, subject to the approval of the Queensland Government, or via a tolling arrangement with a third party.

The Many Peaks Copper Project, located 25 km south of the Norton Gold Mine, is a joint venture in which Norton holds a 70 per cent interest. Many Peaks produced over 500 kt of copper ore from mining operations from the early 1900s.

The Mineral Resource estimate for Norton Gold Mine is:

Resource category	Million tonnes	Grade (g/t)	Gold (oz)
Measured	0.109	7.9	27,685
Indicated	0.252	7.6	61,575
Inferred	0.092	6.1	18,043
Total Mineral Resource	**0.453**	**7.4**	**107,303**

Norton Project: drilling activity

EXPLORATION

Paddington exploration activities centred on resource conversion drilling and a detailed review of the recently acquired Bellamel (Kalgoorlie West) assets. Reverse circulation drilling comprised 101 drill holes for 6,832 metres.

Activities included drilling and updating resource models with 2008 and 2009 drilling results. Focus areas were the Ora Banda, Mount Pleasant and Kalgoorlie West projects including:

- Janet Ivy project optimisation resource extensions
- Waldon project optimisation and resource extensions
- Resource updates for Enterprise, Fort Scott, Navajo Chief, Green Gum and Ben Hur projects.

The review at Navajo Chief has decreased the tonnage compared to Bellamel Mining estimates but increased the grade. Mineralisation is open in a number of different positions and resource extension drilling is continuing with 12,000 metres planned in the first half of FY2010. Navajo Chief is scheduled to begin development in the March Quarter 2010.

A feasibility study for Enterprise will be completed in November 2009 with mine development currently scheduled for January 2011. The current Resource of 15.4 Mt grading 2.10 g/t for 1,037 koz comprises an Indicated Resource of 10.27 Mt grading 2.27 g/t for 749 koz and an Inferred Resource of 5.1 Mt grading 1.75 g/t for 287 koz. Mining optimisation studies have defined a Probable Reserve of 5.2 Mt grading 2.07 g/t from an open pit design. Underground development is being considered and may be the best way to exploit the resource.

The LoM plan is in continuous review and being optimised based on new information from drilling programs. A detailed review of the Kalgoorlie West Gold Camp has identified long-life base-load open cut mines capable of supplying 3 Mt pa mill feed grading 1.5 g/t. The Mount Pleasant Gold Camp review has identified long-life underground projects supplementing the open cut mines at over 400 kt pa grading 6.5 g/t.

A dozer push pipeline is being developed to provide low cost, high grade small mining projects to lift open cut mine grade. The Lady Bountiful and Grant's Patch Gold Camps provide the first of a series of mines for development in the near term.

The focus is to:

- complete resource extension and infill drilling program at Navajo Chief
- continue resource review, optimisation and design at Enterprise
- complete resource development drilling at Mount Pleasant and Lady Bountiful
- commence resource extension drilling at Janet Ivy.

COMPETENT PERSONS' STATEMENTS

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

Andrew Bewsher is a member of the Australian Institute of Geoscientists and a full-time employee of BM Geological Services PL, a consulting group to Norton Gold Fields Limited. Peter Ruzicka and Ian Paynter are members of the Australian Institute of Mining and Metallurgy and full-time employees of Norton Gold Fields Limited.

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

The information in this report that relates to the Mineral Resources of the Mount Morgan Mine Project was prepared in accordance with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) by Tony Marshall. Tony Marshall is Principal Geologist of SMG Consultants which is a member of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists or a 'Recognised Overseas Professional Organisation' (ROPO). He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined by the JORC Code. He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Fernando Della Pasqua is Senior Geologist at SMG Consultants.

The information in this report that relates to the Mineral Resources of the Norton Gold Mine Project was prepared in accordance with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) by Alasdair Murray, BSc (Hons Geol), MA, who is a competent person as defined for this purpose. He has over 30 years experience in the field of mineral exploration and evaluation, and is a member of the Australian Institute of Geoscientists. Mr Murray also supervised grade control, sampling and reconciliations during the 1997-98 mining of the Never Never pit.

The estimates of Coal Resources for the Sienna Coal Project presented in this report have been carried out in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), 2004, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy (Aus-IMM) and the Australasian Institute of Geoscientists and Minerals Council of Australia, December 2004. The information in this report that relates to Sienna Coal Resources is based on information reviewed by Mr Harry Seitlinger, who is a Member of the AusIMM and is a full-time employee of NSW Geology. Mr Harry Seitlinger has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Mr Harry Seitlinger consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Paddington: exploration

annual financial report

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 (the Company) and the entities it controlled at the end of or during the year ended 30 June 2009.

Directors

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

A. Anthony McLellan (Non-executive Chairman)
Jon B. Parker (Managing Director)
A. Timothy Prowse (Executive Director)
Mark McCauley (Non-executive Director).

In addition, the following person was appointed an alternate director:

Ian McCauley (Alternate Director to Mark McCauley).

Principal activities

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

- production of gold and exploration in the West Australian gold fields near Kalgoorlie
- exploration, feasibility evaluation and development of the Mount Morgan Mine Project
- exploration of the Sienna and Electra coal projects located near Middlemount in Queensland
- evaluation of other exploration and business development opportunities.

Business strategies and prospects for the future

Norton Gold Fields Limited is one of the largest Australian Securities Exchange (ASX) listed Australian gold producers. It also has active gold, copper and coal exploration projects.

The Company produces around 150,000 oz pa of gold from its Paddington Gold Mine near Kalgoorlie, Western Australia and is increasing production towards 200,000 oz pa during FY2010 with the development of the Homestead underground mine. Homestead is ahead of schedule and planned to be in production by December 2009. The Paddington Life of Mine plan (LoM) presents a project life of more than 10 years.

In 2008, Norton acquired Bellamel Mining Limited. The acquisition added the Kalgoorlie West Gold Project to Paddington's portfolio and expanded the gold resource base in the Kalgoorlie region. Development of the Mount Morgan Mine Project in Queensland will add a further 30,000 to 35,000 oz pa gold production. Development approvals are in place and once funding is secured, the project can be in production within 12 months.

Completion of Homestead and Mount Morgan mines is expected to lift total gold production to around 230,000 oz pa from late 2010 as well as diversify Norton's production base.

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

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

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

Norton Gold Fields Limited's decision-making and behaviour, in everything we do, will be consistent with the above.

Financial position of the entity

Net Assets of the Group have increased from $32.363 million at 30 June 2008 to $45.122 million at 30 June 2009, largely as a result of:

Increase
- Cash and cash equivalents
- Exploration costs and purchased mine properties
- Capitalised mining costs
- Property, plant and equipment

Decrease
- A loss after tax of $16.775 million for the financial year
- Net Liabilities at 30 June 2009 of gold put options, forward gold hedges and the associated deferred tax.

Dividend

The Directors do not recommend payment of a dividend. No dividend was paid during the year.

Review of operations and operating results

During the year the Group conducted exploration and mining activities on the Group's tenements and milled gold resulting in an EBIT of $20.417 million (2008: $21.823 million) and a loss after tax of $16.775 million (2008: profit $9.238 million), and undertook the following:

- production of 135,067 oz of gold
- transaction to acquire Bellamel Mining Limited
- feasibility study and refurbishment of the Kundana plant for the Mount Morgan Mine Project
- definition of coal targets at Sienna (Middlemount) in Queensland
- development work at the Homestead underground mine.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

(a) Increase in contributed equity
An increase in contributed equity of $10.599 million (from $60.395 million to $70.994 miilion) primarily as a result of the Bellamel Mining Pty Ltd acquisition – refer to (b).

(b) Acquisition of Bellamel Mining Pty Ltd (formerly Bellamel Mining Limited)
On 11 September 2008, Norton Gold Fields Limited acquired all of the issued shares in Bellamel Mining Limited. Total consideration for the acquisition was the issue of 72,000,021 fully paid ordinary shares assigned a fair value of $10.579 million. See Note 25(a) and Note 26(b) of the financial statements.

(c) Gold hedging agreement with Lehman Brothers Commercial Corporation (LBCC)
On 15 September 2008, Lehman Brothers Holdings Inc (LBHI), which acts as Credit Support Provider of LBCC under the gold hedging agreement ('Hedge'), filed a petition under Chapter 11 of the United States Bankruptcy Code in the United States. On 5 October 2008, LBCC also filed a petition under Chapter 11 of the US Bankruptcy Code.

As a result of these actions:
- events of default under the Hedge by virtue of both LBHI's and LBCC's (collectively 'Lehman Brothers') bankruptcy filings have occurred, and are continuing
- under the terms of the Hedge each event of default entitles, but does not require, the Company to terminate the Hedge
- pursuant to the terms of the Hedge, the Company is not required to make payments which may otherwise be due to LBCC under the Hedge, while any of the events of default continue.

Provided the Company is not itself in default (which would provide LBCC with certain rights), the Company's position is that it would only become liable to settle any outstanding amounts with respect to the Hedge if both LBCC and LBHI emerge from Chapter 11, the Hedge is successfully assigned to a third party, or the US Bankruptcy Court otherwise orders Norton to do so.

For a fuller explanation, see the Company's announcement of 29 April 2009.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the result of those operations, or the state of affairs of the consolidated group in future financial years.

Likely developments and expected results from operations

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

- consolidate Paddington open cut mining at approximately 150,000 oz pa
- commence production at Homestead underground to lift Paddington's output towards 250,000 oz pa
- fund, construct and commission the Mount Morgan Mine Project
- decide how best to position the Sienna and Electra coal assets, including a possible sale
- develop a dozer push pipeline of low cost, open cut Small Mining Projects (SMP) to lift head grade
- optimise the 10-year LoM for Paddington.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

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

National Greenhouse and Energy Reporting Guidelines

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

The Group is required to report on its greenhouse gas emissions and the energy usage of certain mining facilities (as determined in accordance with the NGER Act) if it has emitted in excess of 25 kt of greenhouse gases during the financial year.

The Group has exceeded the corporate threshold and is therefore required to report on total greenhouse gas emissions or energy consumption/production of the Group.

The Group must report on the facility to the Greenhouse and Energy Data Office by 31 October 2009, having established and implemented the necessary systems and processes to facilitate this. These systems and processes include collection, calculation and interpretation of data regarding the greenhouse gas emissions and energy consumption/production of the Group.

Energy Efficiency Opportunities Guidelines

The Group is subject to the conditions imposed by the registration and reporting requirements of the *Energy Efficiency Opportunities Act 2006* in the current financial year as its energy consumption exceeded the 0.5 petajoule registration threshold. The Group is registered with the Department of Resources, Energy and Tourism and is required to complete an Energy Savings Action Plan by 31 December 2009. This plan will assess the energy usage of the Group and identify opportunities for the Group to reduce its energy consumption.

Information on directors

A. Anthony McLellan
Chairman – Non-executive

Experience and expertise
Mr McLellan lived abroad for more than 25 years where he served as the chief executive of a number of companies including the predecessor of Barrick Gold. Mr McLellan is active in the not-for-profit world where he is a director of the Menzies Research Centre and Opportunity International Australia and chairman of Habitat for Humanity Australia Incorporated. He is a former director of Felix Resources Limited, Allomak Limited and Bemax Resources Limited.

Directorships of other listed companies – current:
Nil

Directorships of listed companies – past three years:
Felix Resources Limited (Non-executive Director from 2003 to 2008)
Bemax Resources Limited (Non-executive Director and Chairman until July 2008)
Allomak Limited (Non-executive Director and Chairman until February 2009)

Special responsibilities
Chairman

Interests in shares and options
5,000,000 options over ordinary shares in Norton Gold Fields Limited

Jon B. Parker
Managing Director

Experience and expertise
Mr Parker has broad experience in the resource and energy sectors with Rio Tinto (26 years) and more recently as managing director of Felix Resources Limited. He has a history of creating strong and sustainable value for business through robust strategic thinking, innovative and inclusive leadership practices and sound decision-making.

In his capacity as managing director of Felix, that company's market capitalisation grew from $17 million to over $500 million in four years. Major accomplishments in that role include reconstruction of the company, acquisition of White Mining Pty Ltd, a $61 million capital raising and development of the Minerva coal mine.

Mr Parker has an honours degree in Physical Chemistry from Sydney University (1969) and a Graduate Diploma of Business Administration from Curtin University (1979).

Directorships of other listed companies – current:
Nil

Directorships of listed companies – past three years:
Felix Resources Limited (Managing Director from 2002 to 2006)

Special responsibilities
None

Interests in shares and options
4,195,500 ordinary shares in Norton Gold Fields Limited
2,000,000 options over ordinary shares in Norton Gold Fields Limited
9,900,000 ordinary shares with various future vesting periods via Loan Funded Share Scheme (approved 1 July 2008)

A. Timothy Prowse
Executive Director

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

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

Directorships of other listed companies – current:
Nil

Directorships of listed companies – past three years:
Nil

Special responsibilities
None

Interests in shares and options
21,700,001 ordinary shares in Norton Gold Fields Limited
8,680,000 options over ordinary shares in Norton Gold Fields Limited

Mark McCauley
Non-executive Director

Experience and expertise
Mr McCauley is managing director of the Queensland-based private equity firm RMM Capital. His professional experience includes four years as chief financial officer for a large Australian coal producer and director of strategic development for a private resource investment company.

He has filled various technical and operational roles with Mount Isa Mines. Mr McCauley holds a First Class Metalliferous Mine Manager's Certificate and is a graduate of Harvard Business School's Advanced General Management Program. He completed a Master of Business Administration at Bond University, Queensland, in 1994.

Directorships of other listed companies – current:
Nil

Directorships of listed companies – past three years:
Monto Minerals Limited (Non-executive Director from October 2008 to June 2009)

Special responsibilities
Chairman of Audit and Risk Management Committee

Interests in shares and options
None

Ian McCauley
Non-executive Alternate Director to Mark McCauley

Experience and expertise
Mr McCauley has had a distinguished career in the resources industry both as an executive and investor. Amongst other things, he previously has been Chairman and a major shareholder of Felix Resources Limited, and a Non-executive Director of Queensland Nickel Limited. Mr McCauley holds a Bachelor of Engineering (Mining).

Directorships of other listed companies – current:
Nil

Directorships of listed companies – past three years:
Felix Resources Limited (Chairman from October 2003 to March 2007)

Special responsibilities
None

Interests in shares and options
Mr McCaulev is a director and shareholder of BPI Norton Pty Ltd, an entity that holds the following equity in Norton Gold Fields Limited:

- 59,550,000 ordinary shares
- 50 Convertible Notes (total convertible to 20,000,000 ordinary shares)

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

Co-company secretary is Mr Simon Brodie B.Bus, CPA, ACIS. A graduate of the Queensland University of Technology, Mr Brodie is an accomplished finance executive with a strong background in the resources industry.

Meetings of directors

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

	Board Meetings		Audit and Risk Management		Management/Technical Meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
A. Anthony McLellan	8	8	3	3	5	5
A. Timothy Prowse	8	8	-	-	5	5
Jon B. Parker	8	8	-	-	5	5
Mark McCauley	8	8	3	3	5	5

Remuneration report (audited)

This remuneration report, set out under the following main headings, has been audited and comprises pages 35 to 41:

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

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

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and senior executives. The board also reviews and approves the Managing Director's recommendations on the remuneration of Key Management Personnel and staff.

Directors and Key Management Personnel

The following persons acted as directors of the Company during the financial year and at the date of this report:

A. Anthony McLellan (Non-executive Chairman)
Jon B. Parker (Managing Director)
A. Timothy Prowse (Executive Director)
Mark McCauley (Non-executive Director)
Ian McCauley (Alternate Director to Mark McCauley).

The term Senior Management used in this report refers to the following persons, who in conjunction with the directors form the group of Key Management Personnel:

Simon Brodie (Chief Financial Officer)
W. Andre Labuschagne (Project Director)
Jonathan Price (General Manager Paddington Gold).

The members of Key Management Personnel also include the five highest remunerated Company and Group executives.

Executive remuneration

The remuneration policy ensures that contracts for services are reviewed on a regular basis and properly reflect the duties and responsibilities of the individuals concerned. Executive remuneration is based on a number of factors including length of service, relevant market conditions, knowledge and experience within the industry, organisational experience, performance of the Company 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. There were no changes in executives since the year ended 30 June 2008.

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

Executive remuneration includes cash and equity comprised of ordinary shares and/or share options. Each member of Key Management Personnel has a remuneration package negotiated on a case-by-case basis with equity granted within the framework of the Employee Share Option Plan and Employee Share Ownership Plan. The equity component is determined taking into account various market and/or non-market conditions before vesting. The details of shares and options and their vesting conditions also called performance conditions are set out below.

The performance conditions specified are chosen as they directly align the individual's reward to the key performance indicators of the company and its strategy.

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

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

Relationship with Company performance

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

In certain circumstances, remuneration is tied to the achievement of specific performance against strategic project outcomes. Each of the strategic project outcomes are reported directly through to the board. As a result, each performance condition is directly assessed by the board.

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

		2005	2006	2007	2008	2009
Share price at year-end	$/share	N/A*	0.14	0.24	0.25	0.20
Revenue	$'000	-	582	709	115,002	155,948
Net profit/(loss) after tax	$'000	(64)	(651)	(4,609)	9,238	(16,775)

* The Company was listed on ASX in September 2005.

Non-executive directors

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

B. Details of remuneration

Details of the nature and amount of remuneration of the directors and Key Management Personnel of the Company and the consolidated entity are provided in the table below.

There have been no other post-employment benefits paid to directors and Key Management Personnel other than those disclosed in the table below.

	Short-term benefits			Post-employment benefits		Long-term benefits	Share-based payment		
	Directors' fees $	Cash salary and fees $	Non-monetary $	Super-annuation $	Termination $	Long service leave $	Equity settled - shares $	Equity settled - options $	Total $
2009									
Directors									
A. Anthony McLellan	84,250 *	-	-	7,583	-	-	-	-	91,833
Jon B. Parker	-	413,858	2,252	13,745	-	-	-	717,460^	1,147,314
A. Timothy Prowse	-	207,393	22,436	100,000	-	748	-	-	330,577
Mark McCauley	60,000	-	-	5,400	-	-	-	-	65,400
Ian McCauley	-	-	-	-	-	-	-	-	-
Senior Management									
Simon Brodie	-	236,953	30,866	40,000	-	-	236,230	-	544,049
W. Andre Labuschagne	-	267,079	6,075	13,745	-	-	127,602	68,433	482,935
Jonathan Price	-	252,308	60,997	13,745	-	-	149,008	-	476,058
	144,250	1,377,591	122,626	194,218	-	748	512,840	785,893	3,138,166
2008									
Directors									
A. Anthony McLellan	60,000	-	-	5,400	-	-	-	-	65,400
Jon B. Parker [1]	-	169,516	-	42,496	-	-	-	376,867	588,879
A. Timothy Prowse [2]	-	160,083	9,716	100,000	-	2,145	-	-	271,944
Mark McCauley	49,667	-	-	4,470	-	-	-	-	54,137
Ian McCauley	-	-	-	-	-	-	-	-	-
Senior Management									
Simon Brodie [3]	-	133,590	16,549	26,111	-	-	336,322	-	512,572
W. Andre Labuschagne [4]	-	130,000	-	6,564	-	-	203,716	228,111	568,391
Jonathan Price [5]	-	187,059	-	10,941	-	-	240,840	-	438,840
	109,667	780,248	26,265	195,982	-	2,145	780,878	604,978	2,500,163

* Refer Note 28 for information on payments made for consulting services.
^ Refer Note 28(ii). Due to the way the loan funded share scheme for Jon B. Parker has been structured, the Accounting Standards require the shares to be treated as options.

1. Non-Executive Director until 23 January 2008.
2. Managing Director until 23 January 2008.
3. Appointed 6 November 2007.
4. Appointed 1 January 2008.
5. Appointed 5 September 2007.

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

	Fixed remuneration		Options		Shares	
	2009	2008	2009	2008	2009	2008
Directors						
A. Anthony McLellan	100%	100%	-	-	-	-
Jon B. Parker	37%	36%	63%	64%	-	-
A. Timothy Prowse	100%	100%	-	-	-	-
Mark McCauley	100%	100%	-	-	-	-
Ian McCauley	-	-	-	-	-	-
Senior Management						
Simon Brodie	57%	34%	-	-	43%	66%
W. Andre Labuschagne	59%	24%	14%	40%	26%	36%
Jonathan Price	69%	45%	-	-	31%	55%

C. Service agreements

Remuneration and other terms of employment for the Managing Director are formalised in a service agreement. The contractual arrangements contain certain provisions typically found in contracts of this nature. Service contracts are capable of termination on three months' notice. 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. Terms of employment for Key Management Personnel are set out below.

Jon B. Parker
Managing Director
Salary: Base salary of $400,000 per year (commenced January 2008) inclusive of superannuation, indexed at CPI.
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to six months of salary plus three months' notice or payment in lieu.
Share-based:

- 3,300,000 ordinary shares vesting provided Mr Parker is employed on 1 January 2009
- 3,300,000 ordinary shares vesting when the VWAP20* is at least 85 cents ($0.85)
- 3,300,000 ordinary shares vesting when the VWAP20* is at least 120 cents ($1.20).

*VWAP20 means the 20 consecutive business day volume weighted average price per share on ASX.
Exercise price of $0.2513 per share is applicable.

A. Timothy Prowse
Executive Director
Salary: Base salary of $300,000 per annum inclusive of superannuation.
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to six months of salary plus three months' notice or payment in lieu.

A. Anthony McLellan
Non-executive Chairman
Base salary of $75,000 (plus nine per cent superannuation) per annum. Consulting fees of $1,800 per day for additional consulting services as requested from time to time by the Managing Director.

Mark McCauley
Non-executive Director
Base salary of $60,000 (plus nine per cent superannuation) per annum. Consulting fees of $1,800 per day for additional consulting services as requested from time to time by the Managing Director.

Ian McCauley
Alternative Non-executive Director to Mark McCauley
Nil remuneration.

Simon Brodie
Chief Financial Officer
Salary: Base salary package of $270,000 per annum inclusive of superannuation.
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to six months of salary plus three months' notice or payment in lieu.
Share-based:
- 875,000 ordinary shares vesting 12 months after commencement
- 750,000 ordinary shares vesting after the Convertible Note Issuer Conversion Right is exercisable on the Convertibe Notes
- 875,000 ordinary shares vesting when the VWAP5* reaches $0.70.

W. Andre Labuschagne
Project Director
Salary: Base salary package of $273,745 per annum inclusive of superannuation.
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to six months of salary plus three months' notice or payment in lieu.
Share-based:
- 500,000 ordinary shares vesting on completion of the Mount Morgan feasibility study
- 500,000 ordinary shares vesting when the VWAP5* reaches $1.00
- 500,000 share options vesting six months after commencement
- 500,000 share options vesting 12 months after commencement.

Jonathan Price
General Manager Paddington Gold
Salary: Base salary package of $270,000 per annum inclusive of superannuation.
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to six months of salary plus three months' notice or payment in lieu.
Share-based:
- 700,000 ordinary shares vesting 12 months after commencement
- 600,000 ordinary shares vesting after the Convertible Note Issuer Conversion Right is exercisable on the Convertibe Notes
- 700,000 ordinary shares vesting when the VWAP5* reaches $0.70.

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

D. Share-based compensation

Shares

The following table sets out the information on shares granted as remuneration to Key Management Personnel in the current and previous financial year and the performance conditions required for vesting.

Name	Granted No.	Grant date	Fair value per share at grant date $	Vested at 30 June 2009 No.	Vesting conditions	Possible vesting date	Expiry
2009							
Jon B. Parker	3,300,000	3/7/2008	$0.2513	3,300,000	Vested 1 January 2009	Jan 2009	2/7/2018
Jon B. Parker	3,300,000	3/7/2008	$0.2513	nil	VWAP5* is 85c	Jun 2012	2/7/2018
Jon B. Parker	3,300,000	3/7/2008	$0.2513	nil	VWAP5* is $1.20	Jun 2014	2/7/2018

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

The Issuer Conversion Right on the Convertible Notes requires that nine months elapse from the issue of the Convertible Notes (i.e. from 27 August 2008 to 27 May 2009) and that the share price is 37.5c or higher for 20 consecutive trading days.

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

The shares issued to Jon B. Parker are subject to dealing restrictions until fully paid for. Refer to Note 28(ii) of the financial statements for further information on accounting treatment of these shares as options due to the limited recourse loan outlined in the note.

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

Name	Year granted	Vested %	Forfeited %	Unvested
Jon B. Parker	2009	33%	-	67%
Simon Brodie	2008	35%	-	65%
W. Andre Labuschagne	2008	50%	-	50%
Jonathon Price	2008	35%	-	65%

Options

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

There were no options issued as remuneration to directors and Key Management Personnel in the financial year.

Details of options over ordinary shares in the Company provided as remuneration to each director of Norton Gold Fields Limited and each of the Key Management Personnel of the parent entity and the Group in the previous financial year are set out on the table below.

Name	Granted No.	Grant date	Fair value per share at grant date $	Vested at 30 June 2009 No.	Vesting conditions	Possible vesting date	Expiry
2008							
Jon B. Parker	3,000,000	23/8/07	$0.084	3,000,000	Ordinary Share price reaches $0.20	Aug 2007	6 months post cessation of appointment
Jon B. Parker	2,000,000	23/8/07	$0.063	2,000,000	Ordinary Share price reaches $0.30	Jun 2008	6 months post cessation of appointment
W. Andre Labuschagne	500,000	1/12/07	$0.297	500,000	Six months from grant date	Jul 2008	nil
W. Andre Labuschagne	500,000	1/12/07	$0.297	500,000	Twelve months from grant date	Jan 2009	nil

When options issued in prior years are exercisable, each option is convertible into one ordinary share of Norton Gold Fields Limited. Options carry no dividend or voting rights. Further information on the options are set out in Note 26 and Note 28 to the financial statements.

Options have been granted in previous financial years as part of remuneration. The number of options over ordinary shares in the Company held during the financial year by Key Management Personnel of the Group, including personally related entities, are set out on the table over the page.

Name	Balance at start of year	Granted during the year	Exercised during the year	Balance at end of year	Vested and exercisable at end of year
2009					
Directors					
A. Anthony McLellan	5,000,000	-	-	5,000,000	5,000,000
Jon B. Parker	2,000,000	-	-	2,000,000	2,000,000
A. Timothy Prowse	8,680,000	-	-	8,680,000	8,680,000
Mark McCauley	-	-	-	-	-
Ian McCauley	-	-	-	-	-
Senior management					
Simon Brodie	-	-	-	-	-
W. Andre Labuschagne	1,000,000	-	-	1,000,000	1,000,000
Jonathan Price	-	-	-	-	-
Total	16,680,000	-	-	16,680,000	16,680,000

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

The full exercise price was paid in relation to shares issued on exercised options and $nil were unpaid at reporting date.

The percentage associated with options issued to directors and Key Management Personnel that vested in the financial year and the percentage forfeited are set out below.

Name	Year granted	Vested %	Forfeited %	Total value of grant unvested
W. Andre Labuschagne	2008	100%	-	-

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a binomial option pricing model that takes into account the exercise price, the terms of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Details are available in Notes 28 and 38 of the financial statements.

Shares issued on exercise of compensation options

No options were exercised during the financial year that were granted as compensation in current or prior periods.

The audited section of the Remuneration Report ends here.

Shares under option

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

Date options granted	Vesting date	Expiry date	Exercise price	Number under option
25/2/2005	25/2/2005	8/8/2010	$0.20	9,526,800
30/4/2005	30/4/2005	8/9/2010	$0.20	2,094,800
17/6/2005	17/6/2005	8/8/2010	$0.20	6,013,200
15/9/2005	15/9/2005	8/10/2010	$0.20	8,281,400
14/11/2006	14/4/2007	6 months after termination	$0.12	3,000,000
14/11/2006	14/4/2007	6 months after termination	$0.20	2,000,000
23/8/2007	When VWAP* equals $0.30 or 6 months after grant	earlier of 6 months after termination or 8 September 2010	$0.20	2,000,000
14/4/2008	14/4/08	14/4/2010	$0.20	1,210,000
27/8/2007	27/8/2007	27/8/2009	$0.20	35,386,528
1/12/2007	1/7/2008	31/12/2012	$0.40	500,000
1/12/2007	1/1/2009	31/12/2012	$0.40	500,000
14/4/2008	14/4/2009	14/4/2011	$0.50	500,000
10/10/2008	10/10/2008	10/10/2010	$0.20	1,165,000
29/4/2009	29/4/2009	28/4/2011	$0.20	890,000
29/4/2009	29/4/2009	31/12/2011	$0.30	1,000,000
29/4/2009	29/4/2009	31/12/2011	$0.35	300,000
				74,367,728

*VWAP means the volume weighted average trading price of shares on ASX over a five business day period. No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares issued on the exercise of options

The following ordinary shares of Norton Gold Fields Limited were issued during the year ended 30 June 2009 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
10/10/2008	$0.20	100,000
		100,000

Indemnification of directors and officers

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

At the date of this report no amounts have been paid in relation to the indemnity of any director or officer of the Company and no contracts insuring officers of the Company have been entered into.

The Company does not provide an indemnity to any auditor.

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

Proceedings on behalf of Company

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

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

Non-audit services

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor (BDO Kendalls) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, BDO Kendalls, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

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

Assurance services	**2009 $'000**	**2008 $'000**
1. Audit services		
BDO Kendalls:		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	179	174
Total remuneration for audit services	179	174
2. Non-audit services		
BDO Kendalls firm:		
Taxation advice	-	7
Total remuneration for non-audit services	-	7
Total remuneration for services	179	181

Auditors' independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 45.

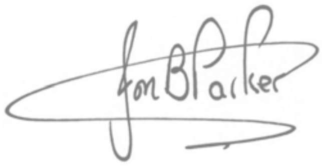
Rounding of amounts

The Company is an entity to which Australian Securities and Investments Commission (ASIC) Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Auditor

BDO Kendalls continues in office in accordance with section 327 of the *Corporations Act 2001.*

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



Jon B. Parker
Managing Director
Brisbane
20 August 2009

BDO Kendalls

BDO Kendalls (QLD)
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GPO Box 457 Brisbane QLD 4001
Phone 61 7 3237 5999
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ABN 70 202 702 402

20 August 2009

The Directors
Norton Gold Fields Limited
Level 1
79 Hope Street
SOUTH BRISBANE QLD 4101

Dear Directors

DECLARATION OF INDEPENDENCE BY CHRISTOPHER SKELTON TO THE DIRECTORS OF NORTON GOLD FIELDS LIMITED AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

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

Yours faithfully

BDO Kendalls (QLD)

C J Skelton
Partner

CORPORATE GOVERNANCE STATEMENT

The directors and management of Norton Gold Fields Limited (Norton) are committed to following the Principles issued by 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 its current governance practices comply with 22 of the 27 ASX Recommendations. Where arrangements differ from the Recommendations, the directors and management believe this is appropriate to the Company's individual circumstances and represents good practice.

Current practices do not comply in the following areas:

R2.1	A majority of the board should be independent directors.
R2.4	The board should establish a nomination committee.
R2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.
R4.2	Structure the audit committee so that it consists of at least three members
R8.1	The board should establish a remuneration committee.

The Company will keep the Recommendations in continuous review and as circumstances change we expect to move towards full compliance. Decisions will be based on what is in the best interest of shareholders.

Information based requirements are disclosed in summary, full details are available in the corporate governance section of the Company's website.

The remainder of this statement sets out each Principle, associated Best Practice Recommendations, and the Company's response.

Principle 1: Lay solid foundations for management and oversight
Principle 2: Structure the board to add value
Principle 3: Promote ethical and responsible decision-making
Principle 4: Safeguard integrity in financial reporting
Principle 5: Make timely and balanced disclosure
Principle 6: Respect the rights of shareholders
Principle 7: Recognise and manage risk
Principle 8: Remunerate fairly and responsibly.

Principle 1 – Lay solid foundations for management and oversight

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

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.

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 FY2009 and is in accordance with the process as set out in R1.1 and R1.2 above.

Principle 2 – Structure the board to add value

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

Recommendations and response:

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

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

A majority of the directors on the board do not meet the ASX definition of independence. Two of the four board members, Mr McLellan and Mr McCauley, meet the definition.

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

Director	Position	Independent	Reason
A. Anthony McLellan	Non-executive Chairman	Yes	The board considers that Mr McLellan is free of any relationship that could, or could be seen to, materially interfere with the independent exercise of judgement
Jon B. Parker	Managing Director	No	Mr Parker is an executive director
A. Timothy Prowse	Executive Director	No	Mr Prowse is an executive director
Mark McCauley	Non-executive Director	Yes	For the reasons discussed below, the board considers that Mr McCauley is free of any relationship that could, or could be seen to, materially interfere with the independent exercise of judgement

Disclosures in relation to Mr Mark McCauley

Mark McCauley is related to (the son of) Ian McCauley. Ian McCauley is the controller of BPI Norton Pty Ltd, a substantial shareholder and noteholder in Norton.

Mark McCauley is also the principal of the investment banking and consulting firm, RMM Capital Pty Ltd. RMM Capital has provided consultancy services to Norton which the board considers to be of an immaterial nature.

In relation to these matters, the board has been advised by Mark McCauley that:

(a) From time to time, RMM Capital provides services, including investment advice, to substantial shareholders and noteholders in Norton, namely BPI Norton and PR Norton Pty Ltd (Holders).

(b) From time to time, Mark McCauley holds a power of attorney to perform administrative tasks on behalf of those substantial Holders.

(c) Mark McCauley does not control the Holders and RMM Capital merely acts on instructions from Holders.

Against the background of these disclosures, the other members of the board have determined that:

(a) The family relationship with Ian McCauley does not disqualify Mark McCauley from being considered an independent director, there being an independent exercise of judgement by Ian McCauley with respect to matters concerning his indirect interest in Norton securities.

(b) Although RMM Capital does advise the Holders and Mark McCauley is the principal of RMM Capital, the board does not consider that based on its understanding of the nature of the services provided by RMM Capital to the Holders, that such relationship could or could be seen to, materially interfere with the independent exercise of judgement by Mark McCauley.

Disclosures in relation to Mr Ian McCauley

Ian McCauley is an alternate director (for Mark McCauley). Although the board has not included alternate directors for the purposes of determining compliance with Recommendation 2.1, for the avoidance of doubt, given Ian McCauley's relationship with PR Norton, the board considers that Ian McCauley would not be independent.

The Board recognises that there are occasons when the board or directors believe that it is in their interests and the interests of the Company to seek independent professinal adivce. 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 chair should be an independent director.

The chair, A. Anthony McLellan, is an independent director.

R2.3 The roles of chair and chief executive officer should not be exercised by the same individual.

The role of chief executive officer is exercised by the Managing Director Jon Parker.

R2.4 The board should establish a nomination committee.

The board itself acts as the Nomination Committee rather than having a separate committee constituted for that purpose.

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

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

However, a process is in effective use for continuously improving the board's systems, procedures and quality of decision-making. This 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.

R2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.

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

Principle 3 – Promote ethical and responsible decision-making

Actively promote ethical and responsible decision-making.

Recommendations and response:

R3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:
the practices necessary to maintain confidence in the Company's integrity
the practices necessary to take into account their legal obligations and the expectations of their stakeholders
the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

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

Each director, senior executive and each employee is individually accountable for bringing potential matters of unethical behaviour to the attention of the organisation at an appropriate level. An individual whose attention is so drawn is accountable for using the powers of their office/role to deal appropriately with such matters.

R3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

The Policy for Trading in the Company's securities restricts the times and circumstances in which directors and senior executives may purchase or sell shares in the Company.

Directors and senior executives are required to promptly advise the Company Secretary of their activities regarding trading in Norton shares so this can be notified to ASX (where required).

The Chair may allow trading outside of these windows in appropriate cases.

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

Information related to Principle 3 is presented on the previous page.

Principle 4 – Safeguard integrity in financial reporting

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

Recommendations and response:

R4.1 The board should establish an audit committee.

The board has established an Audit and Risk Management Committee. The ultimate responsibility for the integrity of the Company's financial reporting rests with the full board.

R4.2 Structure the audit committee so that it consists of:
only non-executive directors
a majority of independent directors
an independent chair, who is not chair of the board
has at least three members.

The Audit and Risk Management Committee comprises two non-executive directors, namely, Mr Mark McCauley who is chair of the committee, and Mr A. Anthony McLellan. Both meet the ASX test of independence.

Norton does not comply with R4.2 as the committee has less than three members. 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.

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

The Audit and Risk Management Committee works within a formal charter.

R4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.

Information related to Principle 4 is presented above. Departures from Recommendation R4.2 are explained above.

Principle 5 – Make timely and balanced disclosure

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

Recommendations and response:

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

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

R5.2 Provide the information indicated in Guide to reporting on Principle 5.

Information related to Principle 5 is presented above.

Principle 6 – Respect the rights of shareholders

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

Recommendations and response:

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

Norton's shareholder communications strategy seeks to enable shareholders to be well informed about the performance and affairs of the Company. The Managing Director is accountable for implementing the communications strategy approved by the board.

R6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.

Information related to Principle 6 is presented above.

Principle 7 – Recognise and manage risk

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

Recommendations and response:

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

Norton recognises the importance of risk management; it manages risk through effective oversight and internal control involving board and management systems.

This function is assisted by the Audit and Risk Management Committee.

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.

R7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The board requires the Managing Director and Chief Financial Officer to confirm in writing that declarations provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively.

R7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.

Information related to Principle 7 is presented above.

Principle 8 – Remunerate fairly and responsibly

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

Recommendations and response:

R8.1 The board should establish a remuneration committee.

Norton knows 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.

The board acts as a Remuneration Committee and has not established a separate committee or specific charter for that purpose.

R8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Total remuneration paid to non-executive directors may not exceed the limit set by shareholders at the annual general meeting (currently $400,000). The remuneration of the non-executive directors is fixed rather than variable. In relation to executive remuneration, the board takes advice regarding the nature and direction for the Company's remuneration practices. The board ensures that a significant proportion of each senior manager's remuneration is linked to his or her performance and the Company's performance.

Performance reviews are conducted regularly to determine the proportion that will be 'at risk' for the upcoming year. Norton executives participate in an option scheme that is linked to Norton's share performance. Remuneration is also benchmarked against the Company's peers in the resources industry.

The remuneration structure for directors and senior executives is reported in the remuneration report on pages 35 to 41.

R8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8.

Information related to Principle 8 is presented above.

Income statements for the year ended 30 June 2009

	Note	Consolidated		Parent entity	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Revenue	4	151,825	106,899	(9,816)	(4,884)
Other income	4	4,123	8,103	30,150	8,238
Total income		**155,948**	**115,002**	**20,334**	**3,354**
Mining expenses		(40,556)	(26,089)	-	-
Milling expenses		(28,649)	(29,451)	-	-
Maintenance		(14,297)	(8,964)	-	-
Technical and support services		(12,809)	(10,874)	-	-
Selling expenses		(5,134)	(4,286)	-	-
Administration and corporate expenses		(12,089)	(5,164)	(3,776)	(1,959)
Professional and consulting fees		(1,058)	(2,251)	(978)	(458)
Impairment of assets	5	(4,720)	(313)	-	-
Other expenses		-	(1,108)	-	(244)
Profit/(Loss) before interest, tax, depreciation and amortisation		**36,636**	**26,502**	**15,580**	**693**
Depreciation and amortisation expense	5	(16,219)	(4,679)	(47)	(7)
Profit/(Loss) before interest, tax and movement in fair value of derivatives		**20,417**	**21,823**	**15,533**	**686**
Movement in fair value of derivatives	5	(35,547)	(2,151)	(35,547)	(2,151)
Financing costs	5	(5,494)	(4,269)	(5,425)	(4,237)
Profit/(Loss) before income tax		**(20,624)**	**15,403**	**(25,439)**	**(5,702)**
Income tax (expense)/benefit	6	3,849	(6,165)	5,726	545
Profit/(Loss) after income tax		**(16,775)**	**9,238**	**(19,713)**	**(5,157)**
		Cents	**Cents**		
Basic earnings/(loss) per share (cents)	37	(0.04)	2.85		
Diluted earnings/(loss) per share (cents)	37	(0.04)	2.38		

The above income statements should be read in conjunction with the accompanying notes.

Balance sheets as at 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Current Assets					
Cash and cash equivalents	7	45,356	26,944	42,131	26,089
Trade and other receivables	8	3,073	7,443	203	593
Inventories	9	19,642	19,604	-	-
Deferred tax asset	10	5,343	4,656	259	3,410
Derivative financial instruments	11	-	407	-	407
Non-current assets classified as held for sale	12	-	-	5,228	-
Total Current Assets		73,414	59,054	47,821	30,499
Non-current Assets					
Trade and other receivables	13	-	-	10,586	9,314
Deferred tax asset	10	37,704	37,494	18,065	15,530
Derivative financial instruments	11	-	1,211	-	1,211
Other financial assets	14	-	-	59,018	45,690
Exploration costs and purchased mine properties	15	67,949	61,841	-	-
Capitalised mining costs	16	20,844	14,287	-	-
Property, plant and equipment	17	15,184	9,200	136	1,661
Other assets	18	18,451	16,036	16,000	16,000
Total Non-current Assets		160,132	140,069	103,805	89,406
Total Assets		233,546	199,123	151,626	119,905
Current Liabilities					
Trade and other payables	19	22,659	26,467	2,016	2,334
Financial liabilities	20	-	416	11,559	10,651
Provisions	21	3,567	4,009	540	-
Deferred tax liability	24	2,402	2,490	51	174
Derivative financial instruments	11	-	9,044	-	9,044
Total Current Liabilities		28,628	42,426	14,166	22,203
Non-current Liabilities					
Financial liabilities	22	36,413	35,291	36,413	35,291
Provisions	23	23,550	21,726	3	2
Deferred tax liabilities	24	25,677	21,975	-	-
Derivative financial instruments	11	74,156	45,342	74,156	45,342
Total Non-current Liabilities		159,796	124,334	110,572	80,635
Total Liabilities		188,424	166,760	124,738	102,838
Net Assets		**45,122**	**32,363**	**26,888**	**17,067**
Equity					
Contributed equity	26	70,994	60,395	70,994	60,395
Reserves	27	(13,011)	(31,946)	(13,011)	(31,946)
Retained earnings/(Accumulated losses)	27	(12,861)	3,914	(31,095)	(11,382)
Total Equity		**45,122**	**32,363**	**26,888**	**17,067**

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity for the year ended 30 June 2009

	Note	Consolidated		Parent entity	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Total equity at the beginning of the year		32,363	4,933	17,067	4,032
Net cash flow hedges					
– gain/(loss) taken to equity	27	9,912	(38,070)	9,912	(38,070)
Profit/(Loss) for the year		(16,775)	9,238	(19,713)	(5,157)
Allocation of hedge reserve	27	5,860	-	5,860	-
Total recognised income and expense for the year		(1,003)	(28,832)	(3,941)	(43,227)
Non-cash share-based payments	27	3,163	5,916	3,163	5,916
Convertible Note equity component	26	-	1,109	-	1,109
		3,163	7,025	3,163	7,025
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	26	10,599	49,237	10,599	49,237
Total equity at the end of the year		**45,122**	**32,363**	**26,888**	**17,067**

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

Cash flow statements for the year ended 30 June 2009

	Notes	Consolidated		Parent entity	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash flows from operating activities					
Receipts in the course of operations		161,641	111,783	-	-
Payments in the course of operations		(112,308)	(70,386)	(4,273)	(764)
Interest received		3,133	2,194	2,820	814
Hedge loss		(1,444)	(4,884)	(1,444)	(4,884)
Interest and borrowing costs paid		(4,369)	(3,834)	(4,337)	(3,802)
Other receipts		1,776	260	-	-
Net cash (used in)/provided by operating activities	36	48,429	35,133	(7,234)	(8,636)
Cash flows from investing activities					
Payments for plant and equipment		(7,936)	(3,606)	(3,750)	(1,596)
Receipts on disposal of plant and equipment		-	11	-	3
Exploration and mine development costs		(24,203)	(24,079)	-	-
Acquisition of Paddington Gold Mine, net of cash acquired and costs	25(b)	-	(33,285)	-	(33,285)
Acquisition of Bellamel Mining, net of cash acquired and costs	25(a)	3,126	-	(370)	-
Cash collateral for security deposits on environmental bonds		(608)	(16,000)	-	(16,000)
Acquisition of Mount Morgan assets		-	(4,525)	-	-
Net cash used in investing activities		(29,621)	(81,484)	(4,120)	(50,878)
Cash flows from financing activities					
Proceeds from issue of shares		20	36,898	20	36,898
Proceeds from issue of convertible notes		-	40,000	-	40,000
Ordinary share and convertible notes issue costs paid		-	(3,440)	-	(3,440)
Payment for gold put options		-	(3,769)	-	(3,769)
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		(416)	(122)	-	-
(Loans to)/received from related entities		-	-	27,376	15,914
Net cash (used in)/provided by financing activities		(396)	69,567	27,396	85,603
Net increase/(decrease) in cash held		18,412	23 ,216	16,042	26,089
Cash and cash equivalents at the beginning of the year		26,944	3,728	26,089	-
Cash and cash equivalents at the end of the year	7	**45,356**	**26,944**	**42,131**	**26,089**

The above cash flow statements should be read in conjunction with the accompanying notes.

1. Corporate information and summary of significant accounting policies

Corporate information

The financial report includes separate financial statements for Norton Gold Fields Limited as an individual entity and the consolidated entity consisting of Norton Gold Fields Limited and its controlled entities. Norton Gold Fields Limited is a listed public company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The financial report for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of directors on 20 August 2009.

Summary of significant accounting policies

(a) Basis of preparation

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

The financial report is presented in Australian dollars. The accounts are prepared on a going concern basis. Ounces (oz) referred to in this document are troy ounces, where one ounce is approximately 31.103 grams.

Compliance with IFRSs
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRSs ensures that the financial statements and notes of Norton Gold Fields Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention
The financial report has been prepared on an accruals basis and is based on historical cost except for derivatives, available-for-sale financial assets and held-for-trading investments that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Capitalised mining costs are measured at the lower of carrying amounts and recoverable amounts. Non-current assets held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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.

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

Rounding of amounts
The parent entity has applied the relief available to it under ASIC Class Order 98/100 and, accordingly, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars ($'000).

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

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Norton Gold Fields Limited ('Company' or 'parent entity') as at 30 June 2009 and the results of all subsidiaries for the year then ended. Norton Gold Fields Limited and its subsidiaries together are referred to in the financial report as the Group or the consolidated entity.

Notes to the financial statements for the year ended 30 June 2009

1. Corporate information and summary of significant accounting policies (continued)

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

Investments in subsidiaries are carried at cost, less impairment, in the separate financial statements of the parent.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(i)).

Intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

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

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(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. Risks and rewards are considered passed to the buyer at the time of instructing AGR Matthey to sell the 99.9% pure gold or silver from our fine metal account.

Gold-in-circuit and gold doré bar inventory is estimated at each period end. The variation in movement during the period is recognised as 'Other revenue'.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

1. Corporate information and summary of significant accounting policies (continued)

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

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation
Norton Gold Fields Limited and its wholly owned Australian controlled entities have decided not to implement the tax consolidation legislation. Norton Gold Fields Limited and its wholly owned Australian controlled entities have significant tax losses. Deferred tax balances are recognised in those entities where the recovery of losses (and temporary differences) is probable.

(g) Inventories

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

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- consumable stores and spares – purchase cost on weighted average cost
- gold-in-circuit and in transit – cost of direct material and labour and a proportion of manufacturing overhead based on normal operating capacity and
- ore stockpiles – cost of direct material and labour and a proportion of manufacturing overhead based on normal operating capacity.

(h) Leases

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

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments, including any guaranteed residual values. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

(i) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Notes to the financial statements for the year ended 30 June 2009

1. Corporate information and summary of significant accounting policies (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the debt is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

(j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing 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. For the purposes of assessing impairment, where it is not possible to estimate recoverable amount for an individual asset, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) Cash and cash equivalents

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

(l) Trade and other receivables

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

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. An allowance for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Evidence of impairment may include indications that the customer is experiencing significant financial difficulty, where debt collection procedures have been commenced, or there is a fair probability that the customer will be put into administration or liquidation. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. When receivables for which an impairment has previously been recognised are determined to be uncollectible, they are written off against the allowance account. The amount of the allowance is recognised in the income statement. Receivables are determined to be uncollectible when there is no expectation of recovering any additional cash. This may occur when a final distribution has been made from administrators/liquidators, or where unsuccessful attempts have been made to recover the debt through legal actions or debt collection agencies and the prospect of recovering any additional cash is remote.

(m) Financial instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

1. Corporate information and summary of significant accounting policies (continued)

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

(iv) Financial liabilities

Non-derivative financial liabilities including trade and other payables are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined by publicly available information such as quoted market prices or by calculating the net present value of future anticipated cash flows. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral.

In addition to an allowance account for specific provisions against individually significant financial assets, the Group also makes a collective allowance on portfolios of similar assets, that are individually insignificant, for impairment losses that have been incurred but not yet identified. On confirmation that the financial asset will not be collectible, the gross carrying value of the asset is written off against the associated provision.

Financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms and the collective impairment provision is estimated for any such group where credit risk characteristics of the group of financial assets has deteriorated. Factors such as any deterioration in country risk, industry performance, technological obsolescence as well as identified structural weaknesses or deterioration in cash flows are taken into consideration and the amount of the provision is based on the historical loss pattern within each group, adjusted to reflect current economic change.

Impairment losses on assets measured at amortised cost using the effective interest rate method are calculated by comparing the carrying value of the asset with the present value of estimated future cash flows at the original effective interest rate. Losses are recognised in the income statement and interest on the impaired asset continues to be recognised as part of the unwinding of the discount.

Where there is objective evidence that an available-for-sale financial asset is impaired (such as a significant or prolonged decline in the fair value of an available-for-sale financial asset) and the previous decline in the fair value of the asset has been recognised in equity the cumulative loss that has been recognised in equity is transferred to the income statement. The cumulative loss transferred is the difference between the cost of acquisition and the current fair value of the asset included in equity. When a subsequent event reduces the impairment of an available-for-sale debt security, the impairment loss is reversed through the income statement. When a subsequent event reduces the impairment of an available-for-sale equity instrument, the impairment loss is reversed through equity.

Derivative instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured 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 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 hedge 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.

Notes to the financial statements for the year ended 30 June 2009

1. Corporate information and summary of significant accounting policies (continued)

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

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the derivative reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect 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 income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Share capital
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. The Group considers its ordinary share capital, reserves and accumulated retained earnings as capital.

(n) Convertible Notes

The component of Convertible Notes that exhibits the characteristics of a liability is recognised as a liability in the balance sheet.

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

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

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

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

(o) Fair value estimation

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

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

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

1. Corporate information and summary of significant accounting policies (continued)

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

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(p) Non-current assets held for sale

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

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

(q) Property, plant and equipment

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

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

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

Plant and equipment	8% - 60%
Land and buildings	2.5% - 10%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(r) Exploration and evaluation costs

Exploration and evaluation costs incurred by or on behalf of the Group are accumulated separately for each area of interest. The costs are carried forward where such costs are expected to be recouped through successful development, or by sale, where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves. The realisation of the value of costs carried forward depends upon any commercial results that may be obtained through successful development and exploitation of the area of interest or alternatively by its sale. 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.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves and resources.

Notes to the financial statements for the year ended 30 June 2009

1. Corporate information and summary of significant accounting policies (continued)

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(s) Rehabilitation provision

Provisions are made for mine rehabilitation and restoration. The present value of estimated restoration obligations is recognised at commencement of the mining operations where a legal or constructive obligation exists at that time. At each reporting date the expected rehabilitation liability is remeasured in line with changes in discount rates and timing or amount of the costs to be incurred.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

(t) Trade and other payables

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

(u) Employee benefits

(i) Wages and salaries, annual and sick leave

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

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Norton Gold Fields Limited Employee Share Ownership Plan (for shares) and the Employee Share Option Plan (for options). Information relating to these schemes is set out in Note 38.

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

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

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

1. Corporate information and summary of significant accounting policies (continued)

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

(v) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(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.

(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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(x) Borrowing costs

In general, borrowing costs are expensed. Borrowing costs in relation to business combinations are included as the cost of consideration of the investment.

(y) 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 balance sheet.

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 flow.

(z) Mining tenements

Mining tenements have a finite useful life and are carried at cost less any accumulated amortisation and impairment losses. The carrying values of mining tenements are reviewed to ensure they are not in excess of their recoverable amounts. The recoverable amount is assessed on the basis described in Note 1(j).

Amortisation of mining tenements commences from the date when commercial production commences and is charged to the income statement as cost of sales. Mining tenements are amortised over the life of the mine using a units of production method.

Notes to the financial statements for the year ended 30 June 2009

1. Corporate information and summary of significant accounting policies (continued)

(aa) Capitalisation and amortisation of mining costs

The Group's policy for each mine is to capitalise all pre-strip costs of mining (i.e. expenditure incurred to access and produce ore) until the average strip ratio (ie. the total pit ratio of waste to ore over the life of the pit) is achieved. The Concept to Closure committee creates documentation for the basis of capitalisation.

Amortisation of capitalised pre-strip costs is based on gold ounces produced compared to total expected gold production over the life of the mine. Adjustments to expected life of mine production is taken up as an adjustment to the remaining amortisation rate. Potential adjustments are reviewed on a quarterly basis.

(bb) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below. These standards and interpretations have not been adopted in the financial report for 30 June 2009.

(i) AASB 8 Operating Segments and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]

AASB 8 and AASB 2008-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments.

The adoption of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 Borrowing Costs and AASB 2008-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs related to qualifying assets.

(iii) Revised AASB 101 Presentation of Financial Statements, AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(iv) ASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements, AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 and 139 and Interpretations 9 and 107] and AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136]

AASB 3, 127 and 2008-3 are applicable for annual reporting periods beginning 1 July 2009 and AASB 2008-7 is applicable for annual reporting periods beginning 1 January 2009.

1. Corporate information and summary of significant accounting policies (continued)

These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, their impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value
- there shall be no gain or loss from transactions required to be accounted for through equity (this will not represent a change to the Group's policy)
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee, and
- where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

(v) AASB 2008-1 Amendments to AASB 2 Share-based Payments: Vesting Conditions and Cancellations

This amendment applies to periods commencing on or after 1 January 2009 and clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

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 entity and that are believed to be reasonable under the circumstances. The 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.

Deferred exploration and evaluation
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of deferred exploration and evaluation assets may exceed recoverable amount. Management considers the facts and circumstances at each reporting period that would indicate whether the consolidated entity should test deferred exploration and evaluation assets for impairment. Refer to Note 15.

Mine properties
Mine properties are assessed for impairment when facts and circumstances suggest that the carrying amount of mine properties may exceed recoverable amount. Management considers the facts and circumstances at each reporting period that would indicate whether the consolidated entity should test mine properties for impairment. Refer to Note 15.

Share-based payments
AASB 2 requires the calculation of the fair value of shares or options issued to staff and for that amount to be expensed to the income statement (with corresponding credit to the share-based payment reserve) over the estimated life from grant date to vesting date. This necessitates the estimate of vesting date where vesting is subject to market conditions or otherwise.

The assessed fair value at grant date of share-based payments are determined using a Binomial option pricing model that takes into account the exercise price, the term of the shares or option offer period, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share or option offer period. Refer to Note 38.

Notes to the financial statements for the year ended 30 June 2009

2. Critical accounting estimates and judgements (continued)

Rehabilitation provision
Paddington Gold Pty Ltd and Bellamel Mining Pty Ltd is required by the West Australian Department of Industry and Resources to ensure that appropriate rehabilitation is carried out on tenements that are mined. The amount of rehabilitation cost is an estimate based upon the estimated life of each mined tenement, as well as the future timing and cost of such rehabilitation. The provision is constantly revised as information about the life of mine, depth of mining and cost estimates are updated. Refer to Notes 21 and 23.

Recoverability of deferred tax assets
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets are recognised for tax losses carried forward and other temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. Refer to Note 10.

Derivative financial instruments
As previously announced, on 29 August 2007, Norton Gold Fields Limited ('Norton') entered into a gold hedging agreement ('Hedge') with Lehman Brothers Commercial Corporation (LBCC) as part of a general equity and debt fundraising transaction entered into by Norton and certain Lehman entities to fund Norton's acquisition of the Paddington Gold Mine.

Norton has forward sold approximately 70,000 ounces per year, until June 2012, at a price of A$875 per ounce as part of the Hedge component of the financing transaction.

On 15 September 2008, Lehman Brothers Holdings Inc (LBHI), which acts as Credit Support Provider of LBCC under the Hedge, filed a petition under Chapter 11 of the United States Bankruptcy Code in the United States. On 5 October 2008, LBCC also filed a petition under Chapter 11 of the US Bankruptcy Code.

In accordance with Note 1(m)(iv), hedge accounting has been discontinued from the date now considered to be when the Hedge was last effective; that is, 15 September 2008.

The method of recognising the hedge in the financial statements is as follows:

- sales of gold is recorded at spot prices, rather than reflecting the hedge adjusted rate
- the amount in the Hedge reserve account at 15 September 2008 has been fixed and is expensed as a charge to revenue through the income statement over the remaining life of the Hedge
- forwards (settlements scheduled between the reporting date and 30 June 2012) will be recorded at fair value in the financial statements
- all movements in the fair value of the unsettled hedge money and the forwards is accounted for through the income statement.

The fair value of the Hedge as at 30 June 2009 has been determined, for the purposes of these financial statements using forward gold prices, interest rates and exchange rates to perform a discounted cash flow analysis. In addition, the discounted cash flow analysis incorporated the following adjustments, which were not based on directly observable market data:

- a gold price spread applied to the gold futures curve to derive a London Gold PM Fix forward curve
- a credit adjustment based on an appropriate credit spread for Norton, and
- the probability of Norton being required to make payment of the fair value of the Hedge.

<u>Gold price spread</u>
The underlying price of the Hedge is the London Gold PM Fix spot price. A forward curve for this gold price is not available. Therefore, the average historical spread between the 100 oz (USD/troy ounce) gold price and the London Gold PM Fix spot price was determined and applied against the 100 oz (USD/troy ounce) forward curve. A spread of US$0.82/oz, which represents the average two-year spread, was used in the valuation.

<u>Credit risk adjustment</u>
The valuation of the Hedge has utilised an upper and lower credit spread ranging from 0% to 25%. Twenty-five per cent was determined as the current credit spread based on analysis of comparable bonds of similar sized resource companies as Norton.

2. Critical accounting estimates and judgements (continued)

Probability of payment

Pursuant to the terms of the Hedge, Norton is not required to make any hedge payments which may otherwise be due to LBCC under the Hedge, while the events of default of both LBHI and LBCC continue. Provided the Company is not itself in default (which would provide LBCC with certain rights), the Company's position is that it would only become liable to settle any outstanding amounts with respect to the Hedge if both LBCC and LBHI emerge from Chapter 11, the Hedge is successfully assigned to a third party, or the US Bankruptcy Court otherwise orders Norton to do so ('Payment Events').

For the purposes of these financial statements, a probability of payment has been incorporated into the fair value of the Hedge. An upper and lower probability ranging from 87.5% to 100% (fair value multiplied by the probability percentage) has been used. If no Payment Events ever occur, the liability will revert to nil value, accordingly the actual range is 0% to 100%. Refer to Note 31 for details on the legal status.

Determination of the Hedge fair value

The valuation has been set at the midpoint of the upper and lower levels of the valuation, after taking into account the possible credit spread and probability ranges outlined above. The midpoint has been selected as any acquirer taking on this liability would expect a reasonable spread to justify the risks associated with both the current legal case and Norton's credit risk and gold price fluctuation.

The valuation is summarised below:

	Asset/(Liability) 2009 $'000
Upper range	
- This is based on a credit spread of 0% and probability of payment of 100%	(87,126)
Lower range	
- This is based on a credit spread of 25% and probability of payment of 87.5%	(61,186)
Mid point used as the valuation in the financial statements as at 30 June 2009	(74,156)

The reported fair values of derivative instruments do not represent an admission of liability or an agreement to make payment.

Sensitivity analysis

(i) Change in market based inputs

The following table summarises the sensitivity of the Hedge fair value to management's assessment of reasonably possible changes in gold prices and interest rates. The sensitivity to gold prices and interest rates have been applied independently.

	Profit will increase/(decrease) by: 30 June 2009 $'000
Interest rates:	
- 50 basis point increase	343
- 50 basis point decrease	(348)
Gold price:	
- 10% increase	(19,737)
- 10% decrease	19,737

(ii) Change in inputs not based on observable market data

The upper and lower ranges in the valuation as outlined above represent the fair value impact of reasonably possible changes in inputs not based on observable market data.

JORC Compliant Resources and Reserves affecting amortisation

Accounting policy 1(aa) 'Capitalisation and amortisation of mining costs' states that amortisation in the period is based upon gold produced compared to total expected gold production over the life of the mine. Total expected gold production is based upon the resources and reserves for each mine. These resources and reserves are based upon a competent person evaluation which is Joint Ore Reserve Committee (JORC) Code compliant. These estimates are updated as further drilling and mining information becomes available. In addition, the life of each mine is assessed on a quarterly basis by the Concept to Closure Committee. As a result, future amortisation rates may increase or decrease dependent upon changes to a mine's resources and reserves over the life of that mine.

Notes to the financial statements for the year ended 30 June 2009

3. Segment information

The Group operates solely within one business segment and one geographical segment, being gold, copper and coal exploration and mining in Australia.

4. Revenue and other income

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Revenue from continuing operations				
Sales revenue				
Gold sales at spot	160,692	111,158	-	-
Gold hedging losses	(1,444)	(4,884)	(1,444)	(4,884)
Allocation of hedge reserve	(8,372)	-	(8,372)	-
Silver sales	949	625	-	-
Other mining sales	-	-	-	-
Total sales revenue	151,825	106,899	(9,816)	(4,884)
Other income				
Interest	2,730	2,776	2,409	1,396
Management fees (Note 33)	-	-	27,741	6,842
Gold-in-circuit and doré bar variation	(383)	5,067	-	-
Other	1,776	260	-	-
Total other income	4,123	8,103	30,150	8,238

5. Expenses

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit/(Loss) before income tax expense includes the following specific expenses:				
Depreciation of property, plant and equipment	2,153	1,708	47	7
Amortisation of mine costs	12,739	2,113	-	-
Amortisation of deferred exploration costs	1,327	858	-	-
Total depreciation and amortisation	16,219	4,679	47	7
Rental expense relating to operating leases – minimum lease payments	159	31	130	31
Finance costs				
Interest and finance charges (unrelated parties)	4,372	4,269	5,425	4,237
Interest on unwinding of Convertible Notes	1,122	-	-	-
Total finance costs	5,494	4,269	5,425	4,237
Employee benefits				
Salaries, wages and on-costs including directors	16,096	11,625	1,440	1,052
Non-cash share-based payments	3,262	1,722	928	769
Defined contribution superannuation expense	1,402	1,004	193	138
Total employee benefits	20,760	14,351	2,561	1,959
Movement in ore stockpile inventory	(147)	25	-	-

	Consolidated		Parent entity	
5. Expenses (continued)	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Significant expenses				
The following significant expense items are relevant in explaining the financial performance:				
Impairment of assets				
Exploration written off	1,108	313	-	-
Mine properties	3,612	-	-	-
Investments	-	-	-	-
Total impairment loss	4,720	313	-	-

During the period the company reviewed the values of certain of its Queensland properties. The evaluation identified exploration and mine development costs that are unlikely to be recovered from commercial exploitation.

	Consolidated		Parent entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Movement in fair value of financial derivatives				
Gold put options	(1,618)	(2,151)	(1,618)	(2,151)
Forward gold hedge contracts	(33,929)	-	(33,929)	-
Total movement in fair value of financial derivatives	(35,547)	(2,151)	(35,547)	(2,151)

	Consolidated		Parent entity	
6. Income tax	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Income tax expense/(credit)				
Current tax				
- current tax	540	663	540	-
- adjustment for previous years	(663)	-	-	-
Deferred tax				
- origination and reversal of temporary differences	(4,389)	6,120	(6,266)	(257)
- adjustments for previous years	663	(330)	-	-
- benefit of tax losses previously unrecognised	-	(288)	-	(288)
Total income tax expense/(credit) in the income statement (continuing operations)	(3,849)	6,165	(5,726)	(545)

Notes to the financial statements for the year ended 30 June 2009

	Consolidated		Parent entity	
6. Income tax (continued)	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Reconciliation of income tax expense to prima facie tax				
Profit/(Loss) before income tax expense	(20,624)	15,403	(25,439)	(5,702)
Tax expense/(credit) at 30% (2008: 30%)	(6,187)	4,621	(7,632)	(1,710)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income				
Non-deductible expenses:				
Entertainment	1	8	1	-
Share-based payments	978	1,067	278	366
Interest	1,627	1,087	1,627	1,087
Other	1	-	-	-
Investment allowance	(169)	-	-	-
Research and development tax offset	(100)	-	-	-
Previously unrecognised tax losses now recognised as deferred tax assets	-	(288)	-	(288)
	(3,849)	6,495	(5,726)	(545)
Under/(Over) provision in prior years	-	(330)	-	-
Income tax expense/(credit) at effective rate of 18.7% (2008: 40.0%)	(3,849)	6,165	(5,726)	(545)
Deferred income tax recognised directly in equity				
Aggregate current and deferred tax arising during the reporting period and not recognised in profit and loss but directly debited or credited to equity:				
Deferred income tax on transaction costs of issuing equity instruments	-	1,905	-	1,905
Net loss on revaluation of cash flow hedges	(6,760)	16,316	(6,760)	16,316
	(6,760)	18,221	(6,760)	18,221
Deferred income tax				
Deferred tax assets have not been recognised in respect of the following:				
Capital gains tax assets not recognised for accounting purposes	91,711	91,711	-	-
	91,711	91,711	-	-
Potential benefit at 30% (2008: 30%)	27,513	27,513	-	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits from the deferred tax assets.

7. Current assets – Cash and cash equivalents	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Cash at bank and in hand	15,257	10,845	12,131	10,089
Term deposits	30,099	16,099	30,000	16,000
	45,356	26,944	42,131	26,089

Cash at bank and deposits at call earn interest at floating rates based on daily bank deposit rates. The interest rate was between 2.90% and 3.05% (2008: 0% to 7.30%). The term deposits have fixed interest rates between 3.85% and 4.50% (2008: 7.87% and 8.23%) and have a weighted average maturity of 48 days (2008: 60 days).

8. Current assets – Trade and other receivables	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Other receivables	2,351	6,418	-	11
Interest receivable	179	582	170	582
Prepayments	543	443	33	-
	3,073	7,443	203	593

Other receivables arise from usual operating activities of the Group and the majority is in relation to outstanding refunds of input tax credits and diesel fuel rebates from the government. As such, the Group believes the credit quality of these other receivables to be very high. These are non-interest-bearing and are generally on 30 day terms. The interest receivable is due from major financial institutions (National Australia Bank, Suncorp Metway, Westpac and Bank of Western Australia). None of these current assets are past due.

9. Inventories	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Raw materials and stores	8,631	8,524	-	-
Provision for obsolescence	(803)	(803)	-	-
Ore stockpile	3,869	3,722	-	-
Gold-in-circuit	1,516	2,197	-	-
Gold doré	6,429	5,964	-	-
	19,642	19,604	-	-

Notes to the financial statements for the year ended 30 June 2009

	Consolidated		Parent entity	
	2009	2008	2009	2008
10. Deferred tax asset	$'000	$'000	$'000	$'000
Current	5,343	4,656	259	3,410
Non-current	37,704	37,494	18,065	15,530
	43,047	42,150	18,324	18,940
Deferred tax assets are attributed to the following:				
Derivative financial instruments – forward hedge	15,919	16,316	15,919	16,316
Derivative financial instruments – put options	1,131	645	1,131	645
Capital costs	1,238	1,655	1,206	1,609
Land and buildings	4,855	6,392	-	-
Rehabilitation provision	7,835	7,340	-	-
Mining information	7,689	7,957	-	-
Tax losses	3,820	1,370	-	318
Trade payables	30	30	30	30
Employee entitlements	530	445	38	22
	43,047	42,150	18,324	18,940

Movements – consolidated	Opening balance $'000	(Charged)/ Credited to income statement $'000	Acquisition of subsidiary $'000	(Charged)/ Credited directly to equity $'000	Closing balance $'000
Derivative financial instruments	16,961	6,849	-	(6,760)	17,050
Capital costs	1,655	(417)	-	-	1,238
Property, plant and equipment	6,392	(1,537)	-	-	4,855
Rehabilitation provision	7,340	(57)	552	-	7,835
Mining information	7,957	(268)	-	-	7,689
Tax losses	1,370	479	1,971	-	3,820
Trade payables	30	-	-	-	30
Employee entitlements	445	85	-	-	530
	42,150	5,134	2,523	(6,760)	43,047

Movements – parent	Opening balance $'000	(Charged)/ Credited to income statement $'000	Acquisition of subsidiary $'000	(Charged)/ Credited directly to equity $'000	Closing balance $'000
Derivative financial instruments	16,961	6,849	-	(6,760)	17,050
Capital costs	1,609	(403)	-	-	1,206
Tax losses	318	(318)	-	-	-
Trade payables	30	-	-	-	30
Employee entitlements	22	16	-	-	38
	18,940	6,144	-	(6,760)	18,324

		Consolidated		Parent entity	
		2009	2008	2009	2008
11.	**Derivative financial instruments**	**$'000**	**$'000**	**$'000**	**$'000**
	Gold put options				
	Current assets	-	407	-	407
	Non-current assets	-	1,211	-	1,211
	Total	-	1,618	-	1,618
	Fair value of hedge contract financial liabilities				
	Current liabilities	-	(9,044)	-	(9,044)
	Non-current liabilities	(74,156)	(45,342)	(74,156)	(45,342)
	Total	(74,156)	(54,386)	(74,156)	(54,386)

The consolidated entity entered into forward gold hedges where it agreed to sell specified ounces of gold at a predetermined gold price. The objective of these hedges is to match the forward agreements with anticipated cash flows from future gold sales and as such are considered 'cash flow' hedges under AASB 139.

On 15 September 2008, Lehman Brothers Holdings Inc (LBHI), which acts as Credit Support Provider of Lehman Brothers Commercial Corporation (LBCC) under the Hedge, filed a petition under Chapter 11 of the United States Bankruptcy Code in the United States. On 5 October 2008, LBCC also filed a petition under Chapter 11 of the US Bankruptcy Code. Note 2 provides a description of the changes to the method of recognition and valuation of hedges as a result of Lehman's bankruptcy filings.

At 30 June 2009, the Group had the following net derivative instruments. Refer to Note 1(m) for the accounting policy on derivatives and Note 2 for further explanation of fair value determination. In accordance with AASB 132 Financial Instruments Presentation, paragraph 42, these disclosures are on a net basis as the Company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis.

	Fixed forwards		Bought put options	
Hedging position	**Ounces**	**AUD/oz**	**Ounces**	**AUD/oz**
Financial year ending 30 June 2010	70,000	875	60,000	760
Financial year ending 30 June 2011	70,000	875	-	-
Financial year ending 30 June 2012	70,000	875	-	-
Total	210,000		60,000	

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises with amounts receivable from unrealised gains on derivative financial instruments. On 29 April 2009, the Company provided a full explanation of the effects of Lehman Brothers bankruptcy filing on the derivative instruments. At balance date the estimated value of the gold put options receivable is $nil. The Company has no plans to engage in further derivative transactions.

To the extent of the financial liability, the counterparty has a first ranking fixed and floating charge over the assets of the Group. The reported fair values of derivative instruments do not represent an admission of liability or an agreement to make payment.

		Consolidated		Parent entity	
		2009	2008	2009	2008
12.	**Non-current assets held for sale**	**$'000**	**$'000**	**$'000**	**$'000**
	Plant and equipment	-	-	5,228	-

On 30 June 2009, the Company entered into an agreement to dispose of some plant and equipment as part of a corporate restructure. The sale, although conditional, is expected to occur in the next financial year.

Notes to the financial statements for the year ended 30 June 2009

		Consolidated		Parent entity	
		2009	2008	2009	2008
13.	**Non-current assets – Trade and other receivables**	**$'000**	**$'000**	**$'000**	**$'000**
	Loans to related parties	-	-	10,586	9,314

Refer to Note 33 for details.

The related party loan is an intercompany loan from the parent entity to its subsidiaries with no fixed repayment terms. As such, there is no set due date and the loan is not impaired as at balance date. These loans are to subsidiaries that have underlying net assets sufficient to support the loans. The carrying value of these loans approximate their fair value.

		Consolidated		Parent entity	
		2009	2008	2009	2008
14.	**Non-current assets – Other financial assets**	**$'000**	**$'000**	**$'000**	**$'000**
	Shares in subsidiaries (Note 34)	-	-	64,564	51,236
	Provision for impairment	-	-	(5,546)	(5,546)
		-	-	59,018	45,690

The shares in subsidiaries were subjected to an analysis of impairment by reviewing future discounted cash flows. The fair value of the shares in subsidiaries are carried at book value less impairment, which does not exceed the recoverable amount.

		Consolidated		Parent entity	
		2009	2008	2009	2008
15.	**Non-current assets – Exploration costs and mine properties**	**$'000**	**$'000**	**$'000**	**$'000**
	Geological, geophysical, drilling and other costs for exploration and purchased mine properties – at cost	70,134	62,699	-	-
	Less: accumulated amortisation	(2,185)	(858)	-	-
		67,949	61,841	-	-
	The costs carried forward above have been determined as follows:				
	Opening balance	61,841	2,095	-	-
	Acquired in Paddington Gold Pty Ltd	-	50,996	-	-
	Purchased from Barrick Gold	-	3,300	-	-
	Acquired in Bellamel Mining Pty Ltd	7,249	-	-	-
	Costs incurred during the year	5,034	6,621	-	-
	Transferred to capitalised mining costs	(3,740)	-	-	-
	Amortisation	(1,327)	(858)	-	-
	Exploration written off	(1,108)	(313)	-	-
	Closing balance as shown above	67,949	61,841	-	-

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.

16. Non-current assets – Capitalised mining costs	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Capitalised mining costs - at recoverable amount	35,730	16,434	-	-
Accumulated amortisation	(14,886)	(2,147)	-	-
	20,844	14,287	-	-
The capitalised mining costs carried forward above have been determined as follows:				
Opening balance	14,287	3,534	-	-
Costs incurred during the year	19,168	12,866	-	-
Transfer from exploration costs and mine properties	3,740	-	-	-
Impairment of mine properties	(3,612)	-	-	-
Amortisation during the year	(12,739)	(2,113)	-	-
Closing balance as shown above	20,844	14,287	-	-

17. Non-current assets – Property, plant and equipment	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Plant and equipment				
- Cost	18,495	10,339	189	1,668
- Accumulated depreciation	(3,459)	(1,583)	(53)	(7)
	15,036	8,756	136	1,661
Building improvements				
- Cost	738	736	-	-
- Accumulated depreciation	(590)	(292)	-	-
	148	444	-	-
Total written down value	15,184	9,200	136	1,661

Reconciliations

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

Consolidated	Plant and equipment $'000	Building improvements $'000	Total $'000
Carrying value			
Balance at 30 June 2007	506	-	506
Additions	3,681	-	3,681
Disposals	(11)	-	(11)
Acquisitions through business combinations	5,996	736	6,732
Depreciation	(1,416)	(292)	(1,708)
Balance at 30 June 2008	8,756	444	9,200
Additions	7,934	2	7,936
Acquisitions through business combinations	201	-	201
Depreciation	(1,855)	(298)	(2,153)
Balance at 30 June 2009	15,036	148	15,184

A total of $nil of plant and equipment (2008: $323,000) is pledged against an equipment loan. See Note 20 for further details.

Notes to the financial statements for the year ended 30 June 2009

17. Non-current assets – Property, plant and equipment (continued)

Parent	Plant and equipment $'000	Building improvements $'000	Total $'000
Carrying value			
Balance at 30 June 2007	-	-	-
Additions	1,671	-	1,671
Disposals	(3)	-	(3)
Depreciation	(7)	-	(7)
Balance at 30 June 2008	1,661	-	1,661
Additions	3,750	-	3,750
Reclassified to non-current asset held for sale	(5,228)	-	(5,228)
Depreciation	(47)	-	(47)
Balance at 30 June 2009	136	-	136

18. Non-current assets – Other assets

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Security deposits	18,451	16,036	16,000	16,000
	18,451	16,036	16,000	16,000

In the above table, $18.4 million cash in term deposits for the consolidated entity and $16.0 million for the parent entity are collateralised against guarantees by the National Australia Bank in favour of the West Australian Department of Industry and Resources for rehabilitation. These term deposits are at interest rates between 3.60% and 4.00% per annum (2008: 8.07%) and have a weighted average maturity of 141 days (2008: 55 days). In the consolidated entity, an additional $36,000 secures environmental bonds in Queensland.

19. Current liabilities – Trade and other payables

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Unsecured liabilities				
Trade payables	8,926	12,918	450	1,650
Other payables and trade accruals	13,332	13,114	1,165	249
Accrued interest	401	435	401	435
	22,659	26,467	2,016	2,334

20. Current liabilities – Financial liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Secured				
Bank loans	-	416	-	-
Unsecured				
Intercompany loan	-	-	11,559	10,651
	-	416	11,559	10,651

As the bank loan represents a chattel mortgage over equipment there is no amount of the facility undrawn and available for use. Loans are effectively secured as rights to the assets recognised in the financial report revert to the lender in the event of default. Weighted average interest rate for loan was 9.39% (2008: 9.39%).

20. Current liabilities – Financial liabilities (continued)

The fair value of on-balance sheet financial liabilities is determined by reference to market prices where they exist or by discounting future cash flows by the current interest rate for liabilities with similar risk profiles.

The carrying amounts of assets pledged as security for the current and non-current borrowings are:

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current assets				
Deposits at call	-	99	-	-
Non-current assets				
Property, plant and equipment	-	323	-	-
Total assets pledged as security	-	422	-	-

	Consolidated		Parent entity	
21. Current liabilities – Provisions	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Employee benefits provision	-	94	-	-
Income tax provision	540	663	540	-
Provision for rehabilitation	3,027	3,252	-	-
	3,567	4,009	540	-

Items classified as employee benefits provision in the previous financial year are included in other payables and trade accruals in the current financial year.

	Consolidated		Parent entity	
22. Non-current liabilities – Financial liabilities	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Convertible Notes	36,413	35,291	36,413	35,291
	36,413	35,291	36,413	35,291

(a) Convertible Notes

On 27 August 2007, a total of 400 Convertible Notes ('Notes') were issued by the Company each with a $100,000 face value to raise $40,000,000 in cash. The Notes have a fixed interest rate of 11.0% per annum with interest payable quarterly. The Notes mature on 27 August 2011. To the extent of the face value of the Notes, the Noteholders have a fixed and floating charge over the assets of the Group. The carrying amount of total assets of the Group at 30 June 2009 is $233.546 million (2008: $199.123 million).

In the previous year, a total of $1,600,000 cash was paid in success fees on the completion of the Notes issue. These costs are netted against the Notes balance.

The Noteholders may convert the Notes into Ordinary Share Capital at any time up to five days before maturity at a conversion price of $0.25. The Company can force conversion of the Notes any time after 27 May 2008 if the average closing price of the Ordinary Share Capital for 20 consecutive days before conversion is greater than $0.375.

On issue of the Notes, the value of the conversion right, which is the difference between the face value of the Notes and the fair value of the liability component, was valued at $1,109,000 and charged to equity (see Note 26). On conversion of the Notes to equity, the value of the liability and accrued interest charges is credited to equity.

In the previous year, 20 Notes were converted into equity (see Note 26(b)), resulting in 380 Notes outstanding at 30 June 2009. At a conversion price of $0.25, the maximum number of ordinary shares to be issued on conversion of the Notes is 152,000,000 at 30 June 2009.

Notes to the financial statements for the year ended 30 June 2009

	Consolidated		Parent entity	
23. Non-current liabilities – Provisions	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Employee benefits provision	460	513	3	2
Provision for rehabilitation	23,090	21,213	-	-
	23,550	21,726	3	2

Movements in provisions are set out in the table below:

	Mine rehabilitation $'000	Income tax $'000	Total $'000
Consolidated group			
Opening balance at 1 July 2008	24,465	663	25,128
Acquired through Bellamel Mining Pty Ltd	1,840	-	1,840
Provision utilised	(225)	-	(225)
Adjustments for previous year	-	(663)	(663)
Additional provisions	37	540	637
Balance at 30 June 2009	26,117	540	26,717
Parent entity			
Opening balance at 1 July 2008	-	-	-
Additional provisions	-	-	-
Balance at 30 June 2009	-	-	-

Provision for mine rehabilitation
A provision has been recognised for the costs to be incurred for the restoration of mining sites used for the exploration and mining of gold. It is anticipated that various mines will require restoration within the next 20 years.

Provision for income tax
A provision has been recognised for expected income tax based on profits earned in the current financial year.

	Consolidated		Parent entity	
24. Deferred tax liabilities	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Current	2,402	2,490	51	174
Non-current	25,677	21,975	-	-
Deferred tax liabilities	28,079	24,465	51	174
Deferred tax liabilities are attributed to the following:				
Deferred exploration and evaluation costs	21,216	20,941	-	-
Mine properties	4,461	1,033	-	-
Inventories	2,348	2,317	-	-
Other receivables	54	174	51	174
	28,079	24,465	51	174
Movements:				
Balance at start of year	24,465	1,257	174	-
Acquisition of subsidiary	2,208	16,316	-	-
Debited/(Credited) to income statement	1,406	6,892	(123)	174
Balance at end of year	28,079	24,465	51	174

24. Deferred tax liabilities (continued)	Opening balance $'000	Charged/ (Credited) to income statement $'000	Acquisition of subsidiary $'000	Charged/ (Credited) directly to equity $'000	Closing balance $'000
Movements – consolidated					
Deferred exploration and evaluation costs	20,941	(1,933)	2,208	-	21,216
Mine properties	1,033	3,428	-	-	4,461
Inventories	2,317	31	-	-	2,348
Other receivables	174	(120)	-	-	54
	24,465	1,406	2,208	-	28,079
Movements – parent					
Other receivables	174	(123)	-	-	51
	174	(123)	-	-	51

25. Acquisition of subsidiaries

(a) 30 June 2009 – acquisition of Bellamel Mining Pty Ltd [formerly known as Bellamel Mining Limited]

On 11 September 2008, Norton Gold Fields Limited acquired all of the issued shares in Bellamel Mining Limited. Total consideration for the acquisition was the issue of 72,000,021 fully paid ordinary shares assigned a fair value of $10.579 million based on the closing share prices on the date of each share issue transaction. Bellamel Mining Limited was delisted 31 December 2008 following the compulsory acquisition and has subsequently been converted to a private company: Bellamel Mining Pty Ltd (Bellamel Mining).

Bellamel Mining currently holds gold projects in Kalgoorlie, Western Australia. The principal activity of Bellamel Mining was exploration.

The acquired business contributed revenues of $223,000 and net loss before tax of $413,000 to the Group for the period from 11 September 2008 to 30 June 2009. The amounts of revenue and net profit for the full year, if Bellamel Mining had been acquired at the start of the financial year, could not be practicably measured.

Details of net assets acquired are as follows:

	$'000
Purchase consideration	
Shares issued as consideration	10,579
Direct costs relating to the acquisition – paid in cash	370
Direct costs relating to the acquisition – accrual	250
Total purchase consideration	11,199
Fair value of net identifiable assets acquired (refer below)	11,199

The Group has taken up the fair value of the assets and liabilities of Bellamel Mining Pty Ltd at acquisition. Fair values are based on discounted cash flows where applicable.

Notes to the financial statements for the year ended 30 June 2009

25. Acquisition of subsidiaries (continued)

(a) 30 June 2009 – acquisition of Bellamel Mining Pty Ltd (continued)

The assets and liabilities arising from the acquisition are as follows:

	Fair value $'000
Cash	3,496
Receivables	204
Deferred tax asset	2,523
Other assets	1,804
Property, plant and equipment	201
Exploration, development and mine properties	7,249
Payables	(230)
Provisions	(1,840)
Deferred tax liability	(2,208)
Net identifiable assets acquired	11,199

(b) 30 June 2008 – acquisition of Paddington Gold Pty Ltd

On 24 August 2007, Norton Gold Fields Limited acquired all of the issued shares in Paddington Gold Pty Ltd, an operating gold mine in Kalgoorlie, WA, for a total net cash consideration of $38.285 million. $5.000 million of this amount was paid in the prior financial year as a cash deposit.

In the previous financial year, the acquired business contributed revenues of $111.783 million and net profit before tax of $22.500 million to the Group for the period from 24 August 2007 to 30 June 2008. The amounts of revenue and net profit for the full year, if Paddington Gold Pty Ltd had been acquired at the start of the financial year, could not be practicably measured.

Details of net assets acquired in the previous financial year are as follows:

	$'000
Purchase consideration	
Net cash paid/Outflow of cash to acquire subsidiary *	37,316
Direct costs relating to the acquisition – cash	969
Direct costs relating to the acquisition – non-cash	6,127
Total purchase consideration	44,412
Fair value of net identifiable assets acquired (refer below)	44,412

* Includes $1,000,000 shares issued at fair value for cash (see Note 26(b)).

The Group took up the fair value of the assets and liabilities of Paddington Gold Pty Ltd at acquisition. Fair values were based on discounted cash flows where applicable. The assets and liabilities arising from the acquisition were as follows:

	Fair value $'000
Receivables	10,010
Inventories	11,242
Property, plant and equipment	6,732
Exploration, development and mine properties	50,996
Payables	(9,649)
Provisions	(24,919)
Net identifiable assets acquired	44,412

26. Contributed equity

	Consolidated 2009 Shares	Consolidated 2008 Shares	Parent entity 2009 $'000	Parent entity 2008 $'000
(a) Share capital				
Fully paid ordinary shares	420,566,344	334,601,323	69,885	59,286
Convertible Note equity component	-	-	1,109	1,109
	420,566,344	334,601,323	70,994	60,395

(b) Movements in ordinary share capital	Note	Number of shares	Issue price Cents	$'000
Balance – 30 June 2007		70,246,005		10,049
Lehman Brothers Placement	*(i)*	175,000,000	20.0	35,000
RAB Conversion	*(ii)*	51,027,695	16.0	8,164
Ten3 Share Issue	*(i)*	20,219,201	24.0	4,853
Barrick Shares issued under Paddington Gold Pty Ltd acquisition	*(i)*	4,000,000	25.0	1,000
Barrick Shares issued under Paddington Gold Pty Ltd acquisition	*(i)*	32,258	-	-
J. Parker Options	*(iii)*	3,000,000	12.0	360
Employee Share Ownership Plan Issue	*(iii)*	353,964	28.5	101
Issued to A. Labuschagne (before becoming Key Management Personnel)	*(iii)*	300,000	38.0	114
Seed Options Exercised	*(iii)*	830,200	20.0	166
Conversion of 20 Convertible Notes with $100,000 face value each	*(iv)*	8,000,000	25.0	2,000
Founder and Vendor Options Converted	*(iii)*	780,000	20.0	156
Listed Options Exercised	*(iii)*	12,000	20.0	2
Employee and Contractor Options Exercised	*(iii)*	800,000	20.0	160
Share issue costs		-	-	(2,839)
Balance – 30 June 2008		334,601,323		59,286
Bellamel takeover consideration	*(vi)*	68,839,380	0.15	10,326
Bellamel takeover consideration	*(vi)*	3,160,641	0.08	253
Employee Employment Contract Performance Share Issues	*(vii)*	3,965,000	-	-
Employee Options Exercised	*(iii)*	100,000	0.20	20
		410,666,344		69,885
J. Parker Employee Share Scheme Issue	*(v)*	9,900,000	-	-
Balance per ASX – 30 June 2009		420,566,344		69,885

(i) Ordinary Share Issue

Ordinary shares were issued at a price based approximately on volume weighted average price of Norton Gold Fields Limited's share price for five days leading up to the transaction.

(ii) RAB Conversion

An investment loan was repaid via an issue of 8,164,431 convertible notes at a face value of $1 each. These notes were subsequently converted and 51,027,695 fully paid ordinary shares were issued at $0.16 each and 25,513,848 options were issued at an exercise price of $0.20. These options expire on 27 August 2009.

(iii) Exercise of Options

See Note 38 for further information for options issued in the current or previous financial year.

(iv) Convertible Notes

See Note 22(a) for further information.

Notes to the financial statements for the year ended 30 June 2009

26. Contributed equity (continued)

(b) Movements in ordinary share capital (continued)

(v) J. Parker Employee Share Scheme Issue
See Note 28(ii) for further information.

(vi) Bellamel takeover consideration
See Note 25 for further information.

(vii) Employee Employment Contract Performance Share Issues
Ordinary shares were issued to a number of employees (both Key Management Personnel and other employees) as part of their employment contracts subject to various vesting conditions. Nil consideration was paid by the employees. Refer Note 38(b) for further information.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll each share is entitled to one vote.

(d) Equity component of Convertible Notes

This equity component relates to the value of conversion rights relating to the 11% Convertible Notes included in non-current interest-bearing liabilities (refer Note 22).

(e) Options

Information relating to share-based payments, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 38.

As at 30 June 2009, the number of options to purchase ordinary shares in the Company were as follows:

Type	Number of options at 30 June 2009	Number of options at 30 June 2008	Exercise price	Expiry date
Type 1	8,281,400	8,281,400	$0.20	8 October 2010
Type 2 and 3	17,634,800	17,634,800	$0.20	8 August 2010
Type 5	3,000,000	3,000,000	$0.12	6 months after termination
Type 6	2,000,000	2,000,000	$0.20	6 months after termination
Type 7	35,386,528	35,386,528	$0.20	27 August 2009
Type 9	2,000,000	2,000,000	$0.20	6 months after termination
Type 10	1,210,000	1,570,000	$0.20	14 April 2010
Type 11	500,000	700,000	$0.50	14 April 2011
Type 12	1,000,000	1,000,000	$0.40	31 December 2012
Type 13	1,165,000	-	$0.20	10 October 2010
Type 14	890,000	-	$0.20	28 April 2011
Type 15	1,000,000	-	$0.30	31 December 2011
Type 16	300,000	-	$0.35	31 December 2011
	74,367,728	71,572,728		

27. Reserves and accumulated losses

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(a) Reserves				
Derivative reserve	(22,298)	(38,070)	(22,298)	(38,070)
Share-based payment reserve	9,287	6,124	9,287	6,124
	(13,011)	(31,946)	(13,011)	(31,946)
Movements:				
Derivative reserve				
Balance 1 July	(38,070)	-	(38,070)	-
Mark-to-market net adjustment	14,160	(54,386)	14,160	(54,386)
Deferred tax	(4,248)	16,316	(4,248)	16,316
Allocation of reserve recognised in Profit/(Loss)	8,372	-	8,372	-
Deferred tax	(2,512)	-	(2,512)	-
Balance 30 June	(22,298)	(38,070)	(22,298)	(38,070)
Share-based payments reserve				
Balance 1 July	6,124	208	6,124	208
Share and option expense	3,163	5,916	3,163	5,916
Balance 30 June	9,287	6,124	9,287	6,124

(b) Retained earnings/(Accumulated losses)

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Movements in retained earnings/(accumulated losses) were as follows:				
Balance 1 July	3,914	(5,324)	(11,382)	(6,225)
Net profit/(loss) for the year	(16,775)	9,238	(19,713)	(5,157)
Balance 30 June	(12,861)	3,914	(31,095)	(11,382)

(c) Nature and purpose of reserves

Financial instrument derivative reserve
The derivative reserve recognises the effective portions of the net amount after tax of unsettled forward gold hedging and put options that are marked-to-market at the end of the period.

Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options issued but not exercised at balance date.

28. Key Management Personnel disclosures

(i) Key Management Personnel compensation	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Short-term employee benefits	1,644	916	1,058	599
Post-employment benefits	195	198	167	178
Share-based payments	1,299	1,386	954	713
Total	3,138	2,500	2,179	1,490

In accordance with AASB 2009-4 and the change to AASB 124 the detailed disclosures of Key Management Personnel have been transferred to the Directors' Report. The relevant information can be found in the remuneration report and includes:

- remuneration policy
- amounts of remuneration
- service agreements, and
- share-based payments.

Equity instrument disclosures relating to Key Management Personnel

Option holdings

The number of options over ordinary shares in the Company held during the financial year by Key Management Personnel of the Group, including their personally related entities, are set out below. Options granted during the year were part of remuneration. There were no vested but unexercisable options at the end of the financial year.

Name	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Balance at end of year Number	Vested and exercisable at end of year Number
2009					
Directors					
A. Anthony McLellan	5,000,000	-	-	5,000,000	5,000,000
Jon B. Parker	2,000,000	-	-	2,000,000	2,000,000
A. Timothy Prowse	8,680,000	-	-	8,680,000	8,680,000
Mark McCauley	-	-	-	-	-
Ian McCauley	-	-	-	-	-
Other Key Management Personnel					
Simon Brodie	-	-	-	-	-
W. Andre Labuschagne	1,000,000	-	-	1,000,000	1,000,000
Jonathan Price	-	-	-	-	-
Total	16,680,000	-	-	16,680,000	16,680,000

28. Key Management Personnel disclosures (continued)

Equity instrument disclosures relating to Key Management Personnel (continued)

Name	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Balance at end of year Number	Vested and exercisable at end of year Number
2008					
Directors					
A. Anthony McLellan	5,000,000	-	-	5,000,000	5,000,000
Jon B. Parker	-	5,000,000	(3,000,000)	2,000,000	2,000,000
A. Timothy Prowse	8,680,000	-	-	8,680,000	8,680,000
Mark McCauley	-	-	-	-	-
Ian McCauley	-	-	-	-	-
Other Key Management Personnel					
Simon Brodie	-	-	-	-	-
WAndre Labuschagne	-	1,000,000	-	1,000,000	-
Jonathan Price	-	-	-	-	-
Total	13,680,000	6,000,000	(3,000,000)	16,680,000	15,680,000

Share holdings

The numbers of shares in the Company held during the financial year by Key Management Personnel of the consolidated entity, including their personally-related entities, are set out below.

Name	Balance at 1 July (or start date) Number	Net changes – purchases (sales) Number	Granted as shares Number	Remuneration during the year Number	Balance at 30 June Number	Balance held nominally Number
2009						
Directors						
A. Anthony McLellan	-	-	-	-	-	-
Jon B. Parker	4,195,500	-	9,900,000	-	14,095,500	4,195,500
A. Timothy Prowse	21,700,001	-	-	-	21,700,001	-
Mark McCauley	-	-	-	-	-	-
Ian McCauley	64,550,000	(5,000,000)	-	-	59,550,000	59,550,000
Other Key Management Personnel						
Simon Brodie	-	-	-	875,000	875,000	-
W. Andre Labuschagne	300,000	-	-	500,000	800,000	-
Jonathan Price	-	-	-	700,000	700,000	-
Total	90,745,501	(5,000,000)	9,900,000	2,075,000	97,720,501	63,745,500

Name	Balance at 1 July (or start date) Number	Net changes – purchases (sales) Number	Exercise of options Number	Remuneration during the year Number	Balance at 30 June Number	Balance held nominally Number
2008						
Directors						
A. Anthony McLellan	-	-	-	-	-	-
Jon B. Parker	199,446	996,054	3,000,000	-	4,195,500	4,195,500
A. Timothy Prowse	21,700,001	-	-	-	21,700,001	-
Mark McCauley	-	-	-	-	-	-
Ian McCauley	64,550,000	-	-	-	64,550,000	64,550,000
Other Key Management Personnel						
Simon Brodie	-	-	-	-	-	-
W. Andre Labuschagne	-	300,000	-	-	300,000	-
Jonathan Price	-	-	-	-	-	-
Total	86,449,447	1,296,054	3,000,000	-	90,745,501	68,745,500

Notes to the financial statements for the year ended 30 June 2009

28. Key Management Personnel disclosures (continued)

Equity instrument disclosures relating to Key Management Personnel (continued)

As at the reporting date, some vesting conditions relating to service have been met and the associated shares have been issued. Refer to Note 26 and Note 38.

Mr I. McCauley, as a director and shareholder of BPI Norton Pty Ltd, controls 50 Convertible Notes (total convertible to 20,000,000 ordinary shares).

(ii) Loans with Key Management Personnel

At an Extraordinary General Meeting held on 1 July 2008, a loan funded share scheme was approved for J. Parker for the issue of 9,900,000 ordinary shares (Shares). The issue price of the Shares (Issue Price) was $0.2513 per share totalling $2,488,000.

As part of the issue of the Shares, the Issue Price was loaned by the Company to J. Parker under the terms of the Employee Share Scheme as a limited recourse loan. The loan is interest free and is provided for a maximum of 10 years. In addition to the conditions described in the general terms of the Employee Share Scheme, the Shares will be subject to the following vesting conditions:

I. 3.3 million Shares will vest provided Mr Parker remains employed by the Company on 1 January 2009
II. 3.3 million Shares will vest when the VWAP20 is at least 85 cents ($0.85) per Share
III. 3.3 million Shares will vest when the VWAP20 is at least 120 cents ($1.20) per Share.

Due to the way this transaction has been structured, in particular the use of a limited recourse loan and detailed vesting conditions, the Accounting Standards require this transaction to be treated as options and do not permit the recognition of a loan balance.

The fair value at grant date of the shares were determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the loan. The assessed fair value is recognised as share-based payments on a pro-rata basis over the period from grant date to vesting date.

During the financial year, 9,900,000 ordinary shares were issued to J. Parker, of which 6,600,000 shares are subject to share price conditions outlined above. The 9,900,000 ordinary shares are subject to dealing restrictions until the loan is repaid.

Due to the loan being limited recourse, equity contributions are recognised on receipt of loan repayments.

Loan repayments of $nil were received during the financial year.

(iii) Other transactions with Key Management Personnel

Consulting fees of $11,700 (2008: $nil) were paid to A. Anthony McLellan on normal commercial terms and conditions.

Consulting fees of $nil (2008: $143,000) were paid to J P Strategic Insights, an entity associated with Jon Parker, on normal commercial terms and conditions.

Jon Parker is on the Advisory Board of Effective Negotiation Skills (ENS), a private company that provides services at an arm's length basis at market prices to the Norton Gold Fields Limited Group. The amount paid to ENS during the year was $6,000 (2008: $68,000).

In the previous period, Norton Gold Fields Limited entered into an arrangement for Sundata Pty Ltd to provide computer hardware and IT support on normal terms and conditions. Jon Parker was the Non-executive Chairman of Sundata Pty Ltd. Due to his position on the Board of Directors of Sundata Pty Ltd, Jon Parker did not have any involvement in the selection of Sundata Pty Ltd as a supplier. The amount paid to Sundata Pty Ltd during the year was $32,000 (2008: $29,000).

28. Key Management Personnel disclosures (continued)

(iii) Other transactions with Key Management Personnel (continued)

During the financial period, the Group engaged RMM Capital to provide assistance in scoping the Mount Morgan Mine Project and advising the Group on the potential of other project areas. Services were provided at an arm's length basis at market prices to the Group. A total of $41,000 (2008: $102,000) was paid during the financial year. Mark McCauley is an Executive Director of RMM Capital.

29. Remuneration of auditors

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

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(a) Audit services				
BDO Kendalls firm				
Audit and review of financial reports	179	174	179	100
Total remuneration for audit services	179	174	179	100
(b) Non-audit services				
BDO Kendalls audit firm:				
Tax assistance	-	7	-	-
Total remuneration for non-audit services	-	7	-	-
Total remuneration	179	181	179	100

30. Financial instruments

(a) Financial risk management objectives, policies and processes

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

The Group's management of treasury activities is centralised and governed by policies approved by the Board of Directors. The Chief Financial Officer reports to the Audit and Risk Management Committee at each Committee meeting, and monitors the operating compliance and performance and reports to the board as required. The board receives those reports from the Chief Financial Officer, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The board provides principles for overall risk management, as well as policies covering specific areas, such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

Excluding derivative instruments, 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.

Refer to Note 2 and Note 11 for further details of credit risk and other risk exposures in relation to derivatives.

Notes to the financial statements for the year ended 30 June 2009

30. Financial instruments (continued)

(b) Categories of financial instruments

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assets				
Loans and receivables at amortised cost				
Cash and cash equivalents	45,356	26,944	42,131	26,089
Other receivables	2,351	6,418	-	11
Interest receivable	179	582	170	582
Loans to subsidiaries	-	-	10,586	9,314
Hedge instruments at fair value				
Derivative instruments	-	1,618	-	1,618
	47,886	35,562	52,887	37,614
Financial liabilities				
Financial liabilities at amortised cost				
Trade creditors and accruals	22,659	26,467	2,016	2,334
Convertible notes 11%	36,413	35,291	36,413	35,291
Financial liabilities	-	416	11,559	10,651
Hedge instruments at fair value				
Derivative instruments in designated hedge accounting relationships	-	54,386	-	54,386
Derivative instruments – fair value	74,156	-	74,156	-
	133,228	116,560	124,144	102,662

(c) Price risk

The Group seeks to partially minimise the effects of gold price risk by using derivative financial instruments to hedge some of this risk exposure. 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.

The Group enters into a variety of derivative financial (designated as cash flow hedging) instruments to manage its exposure to gold price risk, including:

- Forward gold contracts in Australian dollars
- Gold put options in Australian dollars.

Norton has forward sold approximately 70,000 ounces per year, until June 2012, at a price of A$875 per ounce as part of the Hedge component of the financing transaction.

On 15 September 2008, Lehman Brothers Holdings Inc (LBHI), which acts as Credit Support Provider of LBCC under the Hedge, filed a petition under Chapter 11 of the United States Bankruptcy Code in the United States. On 5 October 2008, LBCC also filed a petition under Chapter 11 of the US Bankruptcy Code. Refer to Note 2, Note 11 and Note 31 for further details of credit risk and other risk exposures in relation to derivatives and sensitivities.

(d) Credit risk

The Group treasury policies for deposit transactions require deposit with financial institutions holding a benchmark credit rating.

The credit risk on financial assets which have been recognised on the balance sheets is generally the carrying amount, net of any provisions. At balance date, cash and deposits were held with National Australia Bank, Suncorp-Metway, Westpac and Bank of Western Australia. Cash has been spread over these major financial institutions to reduce credit risk. For receivables refer to Notes 8 and 11.

30. Financial instruments (continued)

(d) Credit risk (continued)

Refer to Note 2 and Note 11 for further details of credit risk and other risk exposures in relation to derivatives.

(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 maturity of the Group's financial liabilities are as follows:

Financial liabilities	Carrying Amount $'000	Contractual Cash flows $'000	< 6 months $'000	6 months– 12 months $'000	1 year to 3 years $'000	>3 years $'000
Group, 30 June 2009						
Trade creditors	22,659	22,659	22,659	-	-	-
Convertible Notes	36,413	47,024	2,107	2,073	42,844	-
Derivative instruments – fair value	74,156	74,156	-	-	-	74,156
Lease commitments	361	361	63	64	234	-
Exploration commitments	76,431	76,431	3,554	3,540	12,530	56,807
Capital commitment	96	96	96	-	-	-
Total	210,116	220,727	28,479	5,677	55,608	130,963
Parent entity, 30 June 2009						
Trade creditors	2,016	2,016	2,016	-	-	-
Convertible Notes	36,413	47,024	2,107	2,073	42,844	-
Derivative instruments – fair value	74,156	74,156	-	-	-	74,156
Intercompany loans	11,559	11,559	11,559	-	-	-
Lease commitments	361	361	63	64	234	-
Total	124,505	135,116	15,745	2,137	43,078	74,156
Group, 30 June 2008						
Trade creditors	26,467	26,467	26,467	-	-	-
Convertible Notes	35,291	51,204	2,107	2,073	8,360	38,664
Gold forwards	54,386	54,386	3,999	5,045	27,935	17,407
Financial liabilities	416	416	-	416	-	-
Lease commitments	483	483	61	61	259	102
Exploration commitments	56,575	56,575	3,419	3,420	10,831	38,905
Total	173,618	189,531	36,053	11,015	47,385	95,078
Parent entity, 30 June 2008						
Trade creditors	2,334	2,334	2,334	-	-	-
Convertible Notes	35,291	51,204	2,107	2,073	8,360	38,664
Gold forwards	54,386	54,386	3,999	5,045	27,935	17,407
Intercompany loans	10,651	10,651	10,651	-	-	-
Lease commitments	483	483	61	61	259	102
Total	103,145	119,058	19,152	7,179	36,554	56,173

Notes to the financial statements for the year ended 30 June 2009

30. Financial instruments (continued)

(e) Liquidity risk (continued)

A significant portion of financial liabilities at a Group and Company level are due in greater than three years. 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

The Group's cash flow interest rate risk for assets primarily arises from cash at bank and deposits subject to market bank rates. Generally no interest is receivable or payable on the Group's trade and other receivables or payables. Details on interest rates and maturities are located at Note 7 and Note 18.

The Group's interest rate risk in liabilities is primarily due to the Convertible Notes, which are fixed at an 11% rate for the life of the Note and borrowings (equipment loans) fixed at the prevailing rate for one year.

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

(g) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices
- the fair value of derivative instruments with LBCC are calculated using observable and non-observable inputs. A detailed explanation is provided at Note 2.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost (if amortisation is applicable) in the financial statements approximates their fair values. Fair values have been prepared based on the requirements set out by Accounting Standards. The reported fair values of derivative instruments do not represent an admission of liability or an agreement to make payment.

Sensitivity analysis

(i) Change in market based inputs

The following table summarises the sensitivity of the Hedge fair value to management's assessment of reasonably possible changes in gold prices and interest rates. The sensitivity to gold prices and interest rates have been applied independently.

	Profit will increase/(decrease) by: June 2009 $'000
Interest rates:	
- 50 basis point increase	343
- 50 basis point decrease	(348)
Gold price:	
- 10% increase	(19,737)
- 10% decrease	19,737

(ii) Change in inputs not based on observable market data

The upper and lower ranges in the valuation as outlined above represent the fair value impact of reasonably possible changes in inputs not based on observable market data.

The reported fair values of derivative instruments do not represent an admission of liability or an agreement to make payment.

30. Financial instruments (continued)

(h) Capital management

The Group's objectives when managing capital are to maintain a strong capital base capable of withstanding cashflow 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.

The capital structure of the group consists of debt in the form of Convertible Notes as disclosed in Note 22, cash, cash equivalents and equity.

The Group balances its overall capital structure through the following mechanisms: the issue of new shares, share buy-backs, capital returns, the payment of dividends as well as the issue of new debt or redemption of existing debt. During 2009, the company issued 72,000,021 shares as consideration for the acquisition of Bellamel Mining Limited.

31. Contingencies

The parent entity and Group had no contingent liabilities at 30 June 2009, except for the following:

(a) Ten3

The Company has refused to pay a $1.5 million instalment to Ten3 Ventures Limited (Ten3) under an agreement, alleging certain breaches by Ten3 including misrepresentation. Ten3 commenced a claim for such amounts which was answered by the Company with an (as yet unquantified but substantial) counter-claim. Ten3 has since withdrawn its claim.

(b) Moonraker

Moonraker Pty Ltd filed a claim against the Company, for declarations relating to the rectification of an agreement to purchase the Mount Morgan Project and, alternatively, monies allegedly owing for the GST arising out of the transaction.

The declarations sought by Moonraker Pty Ltd relate to the purchase allegedly being of a 'going concern' and therefore, GST neutral. The monies said to be owed by the Company to Moonraker Pty Ltd are $452,500 for unpaid GST, plus interest and legal costs, if the agreement is rectified. Moonraker Pty Ltd has commenced proceedings in the Supreme Court of Queensland at Brisbane in relation to the above claims. The Company is defending the proceedings.

(c) Lehman Brothers

On 29 August 2007, Norton Gold Fields Limited entered into a gold hedge with Lehman Brothers Commercial Corporation (LBCC). The agreement was to expire on 30 June 2012. On 15 September 2008, Lehman Brothers Holdings Inc (LBHI), the holding company of Lehman, filed a bankruptcy petition in the United States. In October 2008, LBCC also filed a petition. The filing of a bankruptcy petition by either LBCC or LBHI is an event of default under the hedge agreement.

Provided the Company is not itself in default (which would provide LBCC with certain rights), the Company's position is that it would only become liable to settle any outstanding amounts with respect to the Hedge if both LBCC and LBHI emerge from Chapter 11, the Hedge is successfully assigned to a third party, or the US Bankruptcy Court otherwise orders Norton to do so. The relevant accounting treatment is provided at Note 2.

The current status of the Company's obligations under the gold hedge is summarised in the company's ASX release dated 29 April 2009. As set out in that announcement, on 13 November 2008, LBHI, LBCC and its affiliated entities filed a Motion ('Motion') seeking permission from the Bankruptcy Court to allow those entities to transfer, assign or terminate their derivative contracts in accordance with certain procedures outlined in the Motion, which, if granted, would obviate the need for further court approvals for such transfer, assignment or termination. The Hedge is a derivative contract which falls under the ambit of the relief sought by the Lehman entities in the Motion.

On 29 November 2008, Norton filed an Objection to the Motion. Among other things, one of the principal points raised in the Objection in opposition to the Motion is that the Hedge is not capable of assignment under the US Bankruptcy Code in that it is an indivisible component of a financial accommodation and transaction, and that any attempt at separation would be inconsistent with the substance of the overall financial transaction and applicable law. Norton's opposition to the Motion has not yet been heard or adjudicated by the US Bankruptcy Court.

In the event that the US Bankruptcy Court grants the relief sought in Lehman's Motion with respect to Norton and the hedge is ultimately assigned pursuant thereto Norton's hedge will likely cease to be subject to an event of default.

Notes to the financial statements for the year ended 30 June 2009

	Consolidated		Parent entity	
32. Commitments	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Lease commitments				
Operating leases				
Commitments in relation to operating leases in existence at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	127	122	127	122
Later than one year but not later than five years	234	361	234	361
	361	483	361	483

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

	Consolidated		Parent entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Exploration commitments				
Commitments for payments under exploration permits at the reporting date but not recognised as liabilities payable are estimated as follows:				
Within one year	7,094	6,839	-	-
Later than one year but not later than five years	23,670	19,600	-	-
Later than five years	45,667	30,136	-	-
	76,431	56,575	-	-

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

	Consolidated		Parent entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Capital commitments				
Commitments for payments for capital expenditure contracted at the reporting date but not recognised as liabilities payable are estimated as follows:				
Within one year	96	-	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	96	-	-	-

33. Related party transactions

(a) Parent entity

The ultimate Australian parent entity is Norton Gold Fields Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 34.

(c) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note 28 and Note 38.

(d) Transactions with related parties

Services provided

	Consolidated		Parent entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Services provided to subsidiary companies				
Management fee	-	-	2,949	1,788
Hedge fee	-	-	24,792	5,054
	-	-	27,741	6,842

Loans to/from related parties

	Consolidated		Parent entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Loans to subsidiaries				
Beginning of year	-	-	9,314	6,395
Loans advanced	-	-	11,592	42,888
Loan repayments received	-	-	(10,320)	(39,969)
End of year (Note 13)	-	-	10,586	9,314
Loans from subsidiaries				
Beginning of year	-	-	(10,651)	-
Loan advanced from subsidiaries	-	-	(174,312)	(124,649)
Loans repaid	-	-	173,404	113,998
End of year (Note 20)	-	-	(11,559)	(10,651)

Inter-group balances set out in Note 13 and Note 20 are interest free, unsecured with no set repayment terms. Unless otherwise stated, all related party transactions are on commercial terms and conditions. During the year, Paddington Gold Pty Ltd paid management fees of $2,949,000 (2008: $1,788,000) to Norton Gold Fields Limited in relation to corporate services provided. Paddington Gold also paid $24,792,000 (2008: $5,054,000) to Norton Gold Fields Limited in relation to losses on forward gold hedge contracts taken out on behalf of Paddington Gold.

During the year, Paddington Gold Pty Ltd purchased and processed ore from Bellamel Mining Pty Ltd. A total of $979,000 (2008: $nil) was charged by Bellamel Mining Pty Ltd and is payable at year end.

Since the acquisition of Bellamel Mining Pty Ltd, Paddington Gold Pty Ltd has arranged and undertaken exploration activities for Bellamel Mining Pty Ltd. A total cost of $1,117,000 (2008: $nil) was incurred and recharged by Paddington Gold Pty Ltd for these services and is payable at year end.

On 30 June 2009, Norton Gold Fields Limited entered into an agreement whereby it sells some plant and equipment to Mount Morgan Mine Pty Ltd as part of a corporate restructure. The sale is conditional but expected to occur in the next financial year. Accordingly, the plant and equipment is disclosed by Norton Gold Fields Limited (the parent entity) as a non-current asset held for sale. Refer to Note 12.

Notes to the financial statements for the year ended 30 June 2009

34. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b).

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2009	2008
			%	%
Paddington Gold Pty Ltd	Australia	Ordinary	100%	100%
Norton Gold Mines Pty Ltd	Australia	Ordinary	100%	100%
Australian Geoscientists No 2 Pty Ltd	Australia	Ordinary	70%	70%
Norton Gold Holdings Pty Ltd	Australia	Ordinary	100%	100%
Norton Coal Pty Ltd	Australia	Ordinary	100%	100%
Bellamel Mining Pty Ltd	Australia	Ordinary	100%	-
Mount Morgan Mine Pty Ltd	Australia	Ordinary	100%	-

(a) Acquisition of controlled entities

On 11 September 2008, the parent entity acquired 100% of Bellamel Mining Pty Ltd (formerly Bellamel Mining Limited), with Norton Gold Fields Limited entitled to all profits earned from that date, for a purchase consideration of $11.199 million.

Mount Morgan Mine Pty Ltd was acquired as a shelf company for nominal cost. The company had no assets nor had it operated at the date of acquisition.

(b) Relief from preparation of financial reports for wholly owned Australian subsidiaries

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

34. Subsidiaries (continued)

The following information summarises the consolidated income statement, consolidated balance sheet and statement of changes in equity for the year ended 30 June 2009 for the Closed Group as described on the previous page.

	2009 $'000	2008 $'000
Revenue	151,825	106,899
Other income	3,899	8,103
Total income	155,724	115,002
Mining expenses	(41,533)	(26,089)
Milling expenses	(28,649)	(29,451)
Maintenance	(14,297)	(8,964)
Technical and support services	(12,809)	(10,874)
Selling expenses	(5,134)	(4,286)
Administration and corporate expenses	(11,528)	(5,164)
Professional and consulting fees	(1,058)	(2,251)
Impairment of assets	(4,720)	(313)
Other expenses	-	(1,108)
Profit/(Loss) before interest, tax, depreciation and amortisation	35,996	26,502
Depreciation and amortisation expense	(16,181)	(4,679)
Profit/(Loss) before interest, tax and movement in fair value of derivatives	19,815	21,823
Movement in fair value of derivatives	(35,547)	(2,151)
Financing costs	(5,457)	(4,269)
Profit/(Loss) before income tax	(21,189)	15,403
Income tax (expense)/benefit	4,080	(6,165)
Profit/(Loss) after income tax	(17,109)	9,238

Notes to the financial statements for the year ended 30 June 2009

34. Subsidiaries (continued)

Balance sheet

	2009 $'000	2008 $'000
Current Assets		
Cash and cash equivalents	45,001	26,944
Trade and other receivables	2,959	7,443
Inventories	19,642	19,604
Deferred tax asset	3,183	4,656
Derivative financial instruments	-	407
Total Current Assets	70,785	59,054
Non-current Assets		
Trade and other receivables	1,344	-
Deferred tax asset	37,141	37,494
Derivative financial instruments	-	1,211
Other financial assets	11,199	-
Exploration costs and purchased mine properties	59,467	61,841
Capitalised mining costs	19,420	14,287
Property, plant and equipment	15,022	9,200
Other assets	16,644	16,036
Total Non-current Assets	160,237	140,069
Total Assets	231,022	199,123
Current Liabilities		
Trade and other payables	22,438	26,467
Financial liabilities	2,547	416
Provisions	3,567	4,009
Deferred tax liability	2,402	2,490
Derivative financial instruments	-	9,044
Total Current Liabilities	30,954	42,426
Non-current Liabilities		
Financial liabilities	36,413	35,291
Provisions	21,673	21,726
Deferred tax liabilities	23,038	21,975
Derivative financial instruments	74,156	45,342
Total Non-current Liabilities	155,280	124,334
Total Liabilities	186,234	166,760
Net Assets	44,788	32,363
Equity		
Contributed equity	70,994	60,395
Reserves	(13,011)	(31,946)
Retained earnings/(Accumulated losses)	(13,195)	3,914
Total Equity	44,788	32,363

34. Subsidiaries (continued)

Statement of changes in equity

	2009 $'000	2008 $'000
Total equity at the beginning of the year	32,363	4,933
Net cash flow hedges		
– gain/(loss) taken to equity	9,912	(38,070)
Profit/(Loss) for the year	(17,109)	9,238
Allocation of hedge reserve	5,860	-
Total recognised income and expense for the year	(1,337)	(28,832)
Non-cash share-based payments	3,163	5,916
Convertible Note equity component	-	1,109
	3,163	7,025
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs and deferred tax	10,599	49,237
Total equity at the end of the year	44,788	32,363

35. Events occurring after the balance sheet date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the result of those operations, or the state of affairs of the consolidated group in future financial years.

Notes to the financial statements for the year ended 30 June 2009

36. Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Full details of cash and cash equivalents is at Note 7.

	Consolidated		Parent entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Reconciliation from the net profit/(loss) after tax to the net cash flows from operations				
Net profit/(loss)	(16,775)	9,238	(19,713)	(5,157)
Adjustments for:				
Depreciation and amortisation	16,219	4,679	47	7
Impairment of mine property	3,612	-	-	-
Interest on unwinding of Convertible Notes discount	1,122	-	1,122	-
Exploration written off	1,108	313	-	-
Tax amounts related to financial instrum ents not in operating activities	(5,657)	27,343	(4,698)	(1,331)
Accrual on fitout of premises	-	(75)	-	(75)
Management fee	-	-	(27,741)	(6,842)
Allocation of hedge reserve	8,372	-	8,372	-
Fair value movement of gold put options	1,618	2,151	1,618	2,151
Fair value movement of forward gold hedges	33,929	-	33,929	-
Non-cash share-based payments	3,163	1,878	928	922
Amount in trade creditors relating to input tax credits on intercompanies	-	-	-	(694)
Balance sheet movements on Bellamel Mining (2009) and Paddington Gold (2008) acquisitions that are in investing activities:				
Receivables	201	10,010	-	-
Inventories	-	11,241	-	-
Deferred tax asset	2,523	-	-	-
Payables	(230)	(9,107)	-	-
Provisions	(1,840)	(25,461)	-	-
Deferred tax liability	(2,208)	-	-	-
Changes in assets and liabilities:				
(Increase)/decrease in current receivables	4,370	(7,368)	390	(573)
(Increase)/decrease in inventories	(39)	(19,604)	-	-
(Increase)/decrease in deferred tax assets	(210)	(37,494)	(2,535)	(15,530)
Increase/(decrease) in current payables	(5,365)	26,081	(690)	2,168
Increase/(decrease) in current provisions	988	3,346	124	-
Increase/(decrease) in current financial derivative liabilities	(9,044)	9,044	(9,044)	9,044
Increase/(decrease) in non-current provisions	1,824	21,646	1	2
Increase/(decrease) in non-current financial derivative liabilities	(5,116)	45,342	(5,116)	45,342
Increase/(decrease) in derivative reserve	15,772	(38,070)	15,772	(38,070)
Net cash from/(used in) operating activities	48,429	35,133	(7,234)	(8,636)

Non-cash financing and investing activities

Holder conversion of 20 Convertible Notes with $100,000 face value into ordinary share capital	-	2,000	-	2,000
Accrual on fitout of premises	-	75	-	75
Satisfaction of investment loan through issue of equity instruments (Note 26(b))	-	8,089	-	8,089
Equity instruments issued as purchase consideration for Bellamel Mining Pty Ltd (Note 25)	10,579	-	10,579	-
Accrual for Bellamel Mining Pty Ltd acquisition costs (Note 25)	250	-	250	-

	Consolidated 2009 Cents	2008 Cents
37. Earnings/(Loss) per share		
Basic earnings/(loss) per share	(0.04)	2.85
Diluted earnings/(loss) per share	(0.04)	2.38

Information concerning earnings per share:

(a) Earnings used for basic and diluted EPS is a loss after tax of $16,775,000 (2008: profit of $9,238,000).

(b) The convertible notes are not considered dilutive as the impact of interest expense makes these potential shares anti-dilutive.

(c) In 2009, the options are not considered dilutive as the Company and Group made a loss for the year, and are therefore not included in the calculation of diluted earnings per share. The options disclosed in Note 26 could potentially dilute basic earnings per share in the future.

(d) In 2008, the options granted are considered to be potential ordinary shares. Details relating to options are set out in Note 26.

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

	2009 Number	2008 Number
Number used in calculating basic earnings per share	399,200,813	324,611,163
Weighted average number of options outstanding	-	64,295,423
Number used in calculating diluted earnings per share	399,200,813	388,906,586

38. Share-based payments

(a) Options

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

Set out below are summaries of options granted during the financial year:

	Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
2009									
Type 13	10/10/2008	10/10/2010	$0.20	-	1,405,000	(100,000)	(140,000)	1,165,000	1,165,000
Type 14	29/4/2009	28/4/2011	$0.20	-	890,000	-	-	890,000	890,000
Type 15	29/4/2009	31/12/2011	$0.30	-	1,000,000	-	-	1,000,000	1,000,000
Type 16	29/4/2009	31/12/2011	$0.35	-	300,000	-	-	300,000	300,000
				-	3,595,000	(100,000)	(140,000)	3,355,000	3,355,000

Notes to the financial statements for the year ended 30 June 2009

38. Share-based payments (continued)

(a) Options (continued)

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

	Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
2009									
JP T1	3/7/2008	2/7/2018	$0.2513	-	3,300,000	-	-	3,300,000	3,300,000
JP T2	3/7/2008	2/7/2018	$0.2513	-	3,300,000	-	-	3,300,000	-
JP T3	3/7/2008	2/7/2018	$0.2513	-	3,300,000	-	-	3,300,000	-
				-	9,900,000	-	-	9,900,000	3,300,000

Refer Note 28(ii) for further information on shares issued to Jon B. Parker, which are accounted for as options.

Set out below are summaries of options granted during the previous financial year:

	Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
2008									
Type 7	27/8/2007	27/8/2009	$0.20	-	35,386,528	-	-	35,386,528	35,386,528
Type 8	23/8/2007	6 months post term	$0.12	-	3,000,000	(3,000,000)	-	-	-
Type 9	23/8/2007	6 months post term	$0.20	-	2,000,000	-	-	2,000,000	2,000,000
Type 10	14/4/2008	14/4/2010	$0.20	-	1,570,000	-	-	1,570,000	1,570,000
Type 11	14/4/2008	14/4/2011	$0.50	-	700,000	-	-	700,000	-
Type 12	1/12/2007	31/12/2012	$0.40	-	1,000,000	-	-	1,000,000	-
				-	43,656,528	(3,000,000)	-	40,656,528	38,956,528

The weighted average fair value of the share options (including Jon B. Parker shares) at measurement date was $445,000 (2008: $1,999,000).

The weighted average exercise price at exercise date of share options exercised during the year was $0.20 (2008: $0.12).

The weighted average remaining contractual life of share options (including Jon B. Parker shares) outstanding at the end of the period was 1.86 years (2008: 1.64 years).

The weighted average exercise price of share options (including Jon B. Parker shares) outstanding at the end of the period was $0.21 (2008: $0.20).

Fair value of options granted

The assessed fair value at grant date of options granted was determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

38. Share-based payments (continued)

(a) Options (continued)

The model inputs for options granted during the year ended 30 June 2009 included:

Jon B. Parker share loan (options) – Tranche 1

(a) options are granted for no consideration
(b) exercise price $0.2513
(c) grant date: 3 July 2008
(d) vesting conditions: still an employee at 1 January 2009
(e) expiry date: 10 years from grant date
(f) share price at grant date: $0.2513
(g) expected price volatility of the shares: 100% in the expected life of the option
(h) expected dividend yield: 0%
(i) expected life of option: 2 years from grant date
(j) risk-free interest rate: 6%

Jon B. Parker share loan (options) – Tranche 2

(a) options are granted for no consideration
(b) exercise price $0.2513
(c) grant date: 3 July 2008
(d) vesting conditions: VWAP* reaches $0.85
(e) expiry date: 10 years from grant date
(f) share price at grant date: $0.2513
(g) expected price volatility of the shares: 100% in the expected life of the option
(h) expected dividend yield: 0%
(i) expected life of option: 4 years from grant date
(j) risk-free interest rate: 6%

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

Jon B. Parker share loan (options) – Tranche 3

(a) options are granted for no consideration
(b) exercise price $0.2513
(c) grant date: 3 July 2008
(d) vesting conditions: VWAP* reaches $1.20
(e) expiry date: 10 years from grant date
(f) share price at grant date: $0.2513
(g) expected price volatility of the shares: 100% in the expected life of the option
(h) expected dividend yield: 0%
(i) expected life of option: 6 years from grant date
(j) risk-free interest rate: 6%

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

Type 13 – options to Paddington Gold employees

(a) options are granted for no consideration
(b) exercise price $0.20
(c) grant date: 10 October 2008
(d) no vesting conditions
(e) expiry date: 2 years from grant date
(f) share price at grant date: $0.15
(g) expected price volatility of the shares: 100% in the expected life of the option
(h) expected dividend yield: 0%
(I) risk-free interest rate: 6%

Notes to the financial statements for the year ended 30 June 2009

38. Share-based payments (continued)

(a) Options (continued)

Type 14 – options to Paddington Gold employees

(a) options are granted for no consideration
(b) exercise price $0.20
(c) grant date: 29 April 2009
(d) no vesting conditions
(e) expiry date: 2 years from grant date
(f) share price at grant date: $0.17
(g) expected price volatility of the shares: 100% in the expected life of the option
(h) expected dividend yield: 0%
(i) risk-free interest rate: 4%

Type 15 – options to Bellamel Mining employees

(a) options are granted for no consideration
(b) exercise price $0.30
(c) grant date: 29 April 2009
(d) no vesting conditions
(e) expiry date: 31 December 2011
(f) share price at grant date: $0.17
(g) expected price volatility of the shares: 100% in the expected life of option
(h) expected dividend yield: 0%
(i) risk-free interest rate: 4%

Type 16 – options to Bellamel Mining employees

(a) options are granted for no consideration
(b) exercise price $0.35
(c) grant date: 29 April 2009
(d) no vesting conditions
(e) expiry date: 31 December 2011
(f) share price at grant date: $0.17
(g) expected price volatility of the shares: 100% in the expected life of option
(h) expected dividend yield: 0%
(i) risk-free interest rate: 4%

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

(b) Ordinary Shares

(i) Key Management Personnel

There were no shares granted as remuneration to Key Management Personnel in the financial year, other than the shares accounted for as options outlined in Note 38(a).

The table below sets out the information on shares granted as remuneration to Key Management Personnel in the previous financial year and the performance conditions required for vesting. These shares were issued in line with the Employee Share Ownership Plan as approved by shareholders. The Employee Share Ownership Plan allows the board to invite certain employees to participate in an offer of shares. The board in its discretion determines the conditions of the shares including number, expiry and vesting conditions.

38. Share-based payments (continued)

(b) Ordinary shares (continued)

Some of these shares had vested at 30 June 2009, and are included in share capital at Note 26. The table below outlines whether the shares were vested at 30 June 2009. The value of the shares is expensed on a pro-rata basis from grant date to the expected vesting date. There were no ordinary shares issued as remuneration in 2009.

	Granted No.	Grant date	Weighted average fair value per share at grant date	Vested at 30 June 2009	Vesting conditions	Expiry
			$	No.		
2008						
S. Brodie	875,000	6/8/07	$0.280	875,000	12 months after employment date	nil
S. Brodie	750,000	6/8/07	$0.280	nil	Issuer Conversion Right available on Convertible Notes	nil
S. Brodie	875,000	6/8/07	$0.280	nil	VWAP of ordinary shares is 70c for five consecutive days	nil
W. A. Labuschagne	500,000	1/12/07	$0.493	500,000	Completion of Mount Morgan feasibility study	nil
W. A. Labuschagne	500,000	1/12/07	$0.493	nil	VWAP of ordinary shares is $1.00 for five consecutive days	nil
J. Price	700,000	5/9/07	$0.240	700,000	12 months after employment date	nil
J. Price	600,000	5/9/07	$0.240	nil	Issuer Conversion Right available on Convertible Notes	nil
J. Price	700,000	5/9/07	$0.240	nil	VWAP of ordinary shares is 70c for five consecutive days	nil

The Issuer Conversion Right on the Convertible Notes requires that nine months elapse from the issue of the Convertible Notes (i.e. from 27 August 2008 to 27 May 2009) and that the ordinary share price for NGFL shares is over 37.5c for 20 consecutive trading days.

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

The weighted average fair value per share is determined by the weighted average of the opening and closing price of ordinary shares in NGFL on the grant date.

No shares were issued in the financial year. The weighted average price of shares issued in the previous financial year to Key Management Personnel was $0.385 per share.

(ii) RAB Conversion

The details of this share based payment made in the previous financial year are outlined at Note 26(b). The Convertible Notes and associated share options issued approximates the fair value of the investment loan at the time of repayment.

(iii) Ten3 Share Issue

In the previous financial year, a total of 20,219,201 ordinary shares (Note 26(b)) and 9,872,680 options (Note 38(a)) were issued to Ten3 Ventures Limited for services provided to the Group in the acquisition of Paddington Gold Pty Ltd. The Group has measured the fair value of the services provided at arm's length in determining the amount and price of these equity instruments. The calculated fair value of $4,853,000 and $1,126,000 for the ordinary shares and options issued are disclosed as part of the 'Direct costs relating to the acquisition' in Note 25(b).

Notes to the financial statements for the year ended 30 June 2009

38. Share-based payments (continued)

(b) Ordinary shares (continued)

(iv) Employees (other than Key Management Personnel)

The table below sets out the information on shares granted as remuneration to employees in the financial year and the performance conditions required for vesting. These shares were issued in line with the Employee Share Ownership Plan as approved by shareholders. The Employee Share Ownership Plan allows the board to invite certain employees to participate in an offer of shares. The board in its discretion determines the conditions of the shares including number, expiry and vesting conditions.

Some of these shares had vested at 30 June 2009, and are included in share capital at Note 26. The table below outlines whether the shares were vested at 30 June 2009. The value of the shares is expensed on a pro-rata basis from grant date to the expected vesting date.

	Granted No.	Grant date	Value per share at grant date	Vested at 30 June 2009	Vesting conditions	Expiry
			$	No.		
2009						
Paddington Gold employee	490,000	15/8/08	$0.21	nil	12 months after employment date	nil
Paddington Gold employee	420,000	15/8/08	$0.21	nil	Issuer Conversion Right available on Convertible Notes	nil
Paddington Gold employee	490,000	15/8/08	$0.21	nil	VWAP of ordinary shares is 70c for five consecutive days	nil
Paddington Gold employee	490,000	18/8/08	$0.22	nil	12 months after employment date	nil
Paddington Gold employee	420,000	18/8/08	$0.22	nil	Issuer Conversion Right available on Convertible Notes	nil
Paddington Gold employee	490,000	18/8/08	$0.22	nil	VWAP of ordinary shares is 70c for five consecutive days	nil
Paddington Gold employee	175,000	7/1/09	$0.09	nil	12 months after employment date	nil
Paddington Gold employee	150,000	7/1/09	$0.09	nil	Homestead underground set up, decline developed and ore production	nil
Paddington Gold employee	175,000	7/1/09	$0.09	nil	VWAP of ordinary shares is 70c for five consecutive days	nil
Paddington Gold employee	490,000	4/2/09	$0.12	nil	JORC compliant reserves of 1.5Moz before 30 June 2010	nil
Paddington Gold employee	420,000	4/2/09	$0.12	nil	Issuer Conversion Right available on Convertible Notes	nil
Paddington Gold employee	490,000	4/2/09	$0.12	nil	VWAP of ordinary shares is 70c for five consecutive days	nil

38. Share-based payments (continued)

(b) Ordinary shares (continued)

	Granted No.	Grant date	Value per share at grant date $	Vested at 30 June 2009 No.	Vesting conditions	Expiry
2008						
Paddington Gold employees	910,000	24/8/07	$0.27	910,000	12 months after employment date	nil
Paddington Gold employees	780,000	24/8/07	$0.27	nil	Issuer Conversion Right available on Convertible Notes	nil
Paddington Gold employees	910,000	24/8/07	$0.27	nil	VWAP of ordinary shares is 70c for five consecutive days	nil
Paddington Gold employee	490,000	29/8/07	$0.26	490,000	12 months after employment date	nil
Paddington Gold employee	420,000	29/8/07	$0.26	nil	Issuer Conversion Right available on Convertible Notes	nil
Paddington Gold employee	490,000	29/8/07	$0.26	nil	VWAP of ordinary shares is 70c for five consecutive days	nil
Paddington Gold employee	490,000	20/9/07	$0.24	490,000	12 months after employment date	nil
Paddington Gold employee	420,000	20/9/07	$0.24	nil	Issuer Conversion Right available on Convertible Notes	nil
Paddington Gold employee	490,000	20/9/07	$0.24	nil	VWAP of ordinary shares is 70c for five consecutive days	nil

The Issuer Conversion Right on the Convertible Notes requires that nine months elapse from the issue of the Convertible Notes (i.e. from 27 August 2008 to 27 May 2009) and that the ordinary share price for NGFL shares is over 37.5c for 20 consecutive trading days.

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

The value per share is determined by the weighted average of the opening and closing price of ordinary shares in NGFL on the grant date.

The weighted average price of shares issued in the financial year to employees was $0.17 (2008: $0.28) per share.

(c) Expenses arising from share-based payment transactions

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

	Consolidated 2009 $'000	Consolidated 2008 $'000
Ordinary shares issued	2,257	781
Options issued	1,005	941
	3,262	1,722

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

DIRECTORS' DECLARATION

30 June 2009

In the directors' opinion:

(a) the financial statements and notes set out on pages 52 to 106 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; 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; and

(c) the audited remuneration disclosures set out on pages 35 to 41 of the directors' report for the year ended 30 June 2009 comply with s300A of the *Corporations Regulations 2001.*

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

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

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

J. Parker
Managing Director

Brisbane
20 August 2009

BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORTON GOLD FIELDS LIMITED

Report on the financial report

We have audited the accompanying financial report of Norton Gold Fields Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

BDO Kendalls

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORTON GOLD FIELDS LIMITED (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's opinion

In our opinion the financial report of Norton Gold Fields Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

(c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (a).

Emphasis of matter re derivative liability

Without qualification to the audit opinion expressed above, attention is drawn to the matters detailed in Note 2 under the heading 'Derivative Financial Instruments'. As detailed in the note, the fair value of the Group's derivative financial liability has been determined using various inputs and assumptions. As detailed in the note, the fair value of the hedge has taken into consideration the likelihood of Norton being required to make payment of the fair value of the hedge. The actual fair value to be paid is dependent on the actual future inputs and the occurrence of a Payment Event as referred to in the note with possible outcomes in the ranges detailed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included on pages 35 to 41 of the directors' report for the year ended 30 June 2009. 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.

Auditor's opinion

In our opinion, the remuneration report of Norton Gold Fields Limited for the year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls (QLD)

BDO Kendalls

C J Skelton
Partner

Brisbane
20 August 2009

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 July 2009.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security	
	Ordinary shares	**Listed options**
1 – 1,000	46,328	-
1,001 – 5,000	2,247,690	593,000
5,001 – 10,000	5,455,746	482,000
10,001 – 100,000	58,625,913	2,157,493
100,001 and over	354,186,911	5,048,907
	420,566,344	8,281,400

There were 259 holders of less than a marketable parcel of ordinary shares and no holders of less than a marketable parcel of options.

(b) 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**	**Percentage of issued shares**
BPI Norton Pty Ltd	59,550,000	14.17
P R Norton Pty Ltd	54,550,000	12.98
National Nominees Limited	20,956,300	4.99
Micona Mining Pty Limited	17,700,000	4.21
HSBC Custody Nominees (Australia) Limited – A/C 3	17,470,216	4.16
ANZ Nominees Limited	17,356,303	4.13
HSBC Custody Nominees (Australia) Limited	14,552,436	3.46
Jon Brereton Parker	9,900,000	2.35
Citicorp Nominees Pty Limited	7,161,417	1.70
Jon Brereton Parker and Pamela Jean Parker	4,196,000	1.00
Micona Investments Pty Ltd	4,000,000	0.95
Kaymac Nominees Pty Ltd	3,686,209	0.88
Joseph Jayaraj and Somna Kumar	3,150,000	0.75
UBS Wealth Management Australia Nominees Pty Ltd	2,950,000	0.70
Kaymac Nominees Pty Ltd	2,777,000	0.66
Mr Michael Piperoglou	2,451,196	0.58
Herbert Group Pty Ltd	2,007,112	0.48
Geraldton Agricultural Services Pty Ltd	2,004,169	0.48
Geraldton Agricultural Services Pty Ltd	2,000,000	0.48
Forbar Custodians Limited	1,957,500	0.47
	250,375,858	59.58

Twenty largest quoted equity security holders (continu ed)

Name	Options Number held	Options Percentage of issued options
Isaiah Sixty Pty Ltd	1,267,546	15.31
Kaymac Nominees Pty Ltd	1,259,850	15.21
Slade Technologies Pty Ltd	800,000	9.66
Kwang Hou Hung	365,000	4.41
Techinvest Holdings Pty Ltd	315,000	3.80
Isaiah Sixty Pty Ltd <Isaiah S/F A/C>	300,000	3.62
Khoon Ho Kuok	200,000	2.42
Banjo Superannuation Fund Pty Ltd	150,000	1.81
Precious Dental Alloys Australia Pty Ltd	140,711	1.70
MC Geachie & Rickard ESP Pty Ltd	125,800	1.52
RRRMKA Pty Ltd	125,000	1.51
Garvic Air Pty Ltd	100,000	1.21
M Paglia Pty Ltd	100,000	1.21
Jeremy David Henson	81,000	0.98
PJ & JA Bartter	80,000	0.97
Anthony John Vetter	78,000	0.94
The Herbert Group Pty Ltd	72,000	0.87
Raymond John Hale	63,000	0.76
Michael Rae and Lilian Rae	62,000	0.75
Fitel Nominees Limited	59,500	0.72
	5,744,407	69.38

Unquoted equity securities

	Number on issue	Number of holders
Unquoted options	66,086,328	146

Holders of greater than 20% of unquoted equity securities

Name	Unlisted options Number held	Unlisted options Percentage of unquoted options
HSBC Custody Nominees (Australia) Limited A/C 3	25,513,848	38.61%

(c) Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage of issued shares
Ordinary share s		
BPI Norton Pty Ltd	59,550,000	14.17
P R Norton Pty Ltd	54,550,000	12.98
Baker Steel Capital Managers LLC	26,656,602	6.82
Tim Prowse	21,700,001	5.16

(d) Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options
No voting rights.

glossary

Australian dollar	Currency of Australia
ASX	Australian Securities Exchange
Cash operating cost	Total cash costs reflects all the cash spent in the specified period at the Paddington site. A measure of the average cost of producing an ounce of gold, calculated by dividing attributable total cash costs in a period by attributable total gold production (in ounces) over the same period. Total cash costs include site costs for all mining, processing, administration, royalties and production taxes, as well as contributions from by-products but are exclusive of depreciation, depletion and amortisation, rehabilitation, employment severance costs, corporate administration costs
CIP	Carbon-in-Pulp. A method of gold treatment whereby gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry then passes into the CIP circuit where carbon granules are mixed with the slurry and gold is adsorbed on to the carbon. The granules are separated from the slurry and treated in an elution circuit to remove the gold
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPC	Exploration Permit for Coal
FY	Financial year ending 30 June
g/t	The quantity of gold contained within a unit weight of gold-bearing material generally expressed in grams per metric tonne (g/t)
Head grade	The grade of material fed into the processing plant
Indicated Resource	As defined under the JORC Code (2004 Edition)
Inferred Resource	As defined under the JORC Code (2004 Edition)
ISDA master agreement	The International Swaps and Derivatives Association (ISDA) over-the-counter derivatives master agreement drawn up by the New York-based trade association in 1987 and revised from time to time
JORC Code	The Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 Edition)
koz	Thousand troy ounces
kt	Thousands tonnes
LBCCA	Lehman Brothers Commercial Corporation Asia
Life of Mine (LoM)	Number of years that the operation is planning to mine and treat ore
Mbcm	Million bank cubic metres
Mineral Resource	As defined under the JORC Code (2004 Edition)
Moz	Million troy ounces of gold
Mt	Million tonnes
NPAT	Net profit after tax
Ore grade	The physical measurement of the characteristics of the material of interest in samples or products
Ore Reserve	As defined under the JORC Code (2004 Edition)
oz	Troy ounce(s)
pa	Per annum
PCI	Pulverised coal injection
Pre-strip	The amount of waste to be removed before the ore body can be accessed
Probable Resource	As defined under the JORC Code (2004 Edition)
Proven Resources	As defined under the JORC Code (2004 Edition)
Quartz veins	A finite volume of Quartz within a rock vein
Recovery	Refers to the percentage of the material of interest that is extracted during mining and/ or processing. A measure of mining or processing efficiency. Also commonly referred to as 'yield'
sq km	Square kilometres
Strike	The direction on surface of an outcropping rock unit or structure
Strip ratio	The ratio of waste tonnes to ore tonnes mined calculated as total tonnes mined less ore tonnes mined divided by ore tonnes mined.
Total cash cost	Total cash costs includes cash operating costs and all capital costs of exploration, development, pre-strip and capital works other than new project development (Homestead)
US dollar	Currency of the United States of America

corporate directory

Directors and officers

A. Anthony McLellan
Non-executive Chairman

Jon B. Parker
Managing Director

A.Timothy Prowse
Executive Director

Mark D. H. McCauley
Non-executive Director

Ian McCauley
Alternate Director to M. McCauley

Leni P. Stanley
Simon C. Brodie
Co-company Secretary

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Share registry

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Auditor

BDO Kendalls (QLD)
Chartered Accountants
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