Norton Gold Fields Limited

Annual Report 2013

> *Record gold production is a testament to the skills and dedication of our staff in planning, executing and delivering results according to, or ahead of, plan.*

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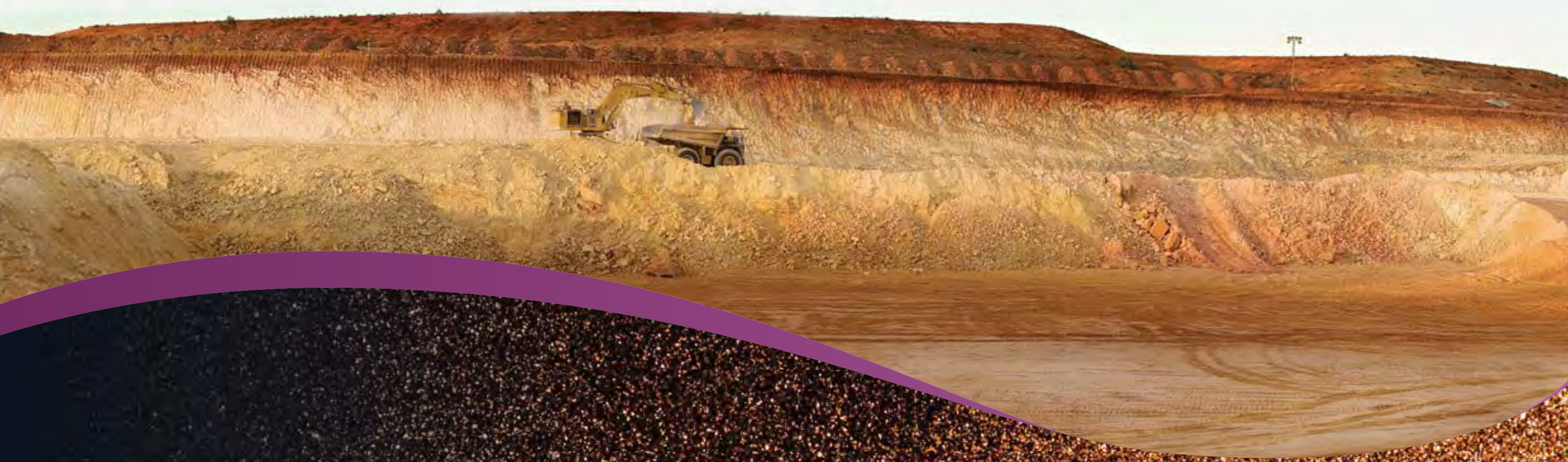
DIANMIN CHEN
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

ANNE BI
NON-EXECUTIVE DIRECTOR

XUELIN CAI
NON-EXECUTIVE DIRECTOR

NOEL WHITE
NON-EXECUTIVE DIRECTOR

RICHARD JONES
COMPANY SECRETARY



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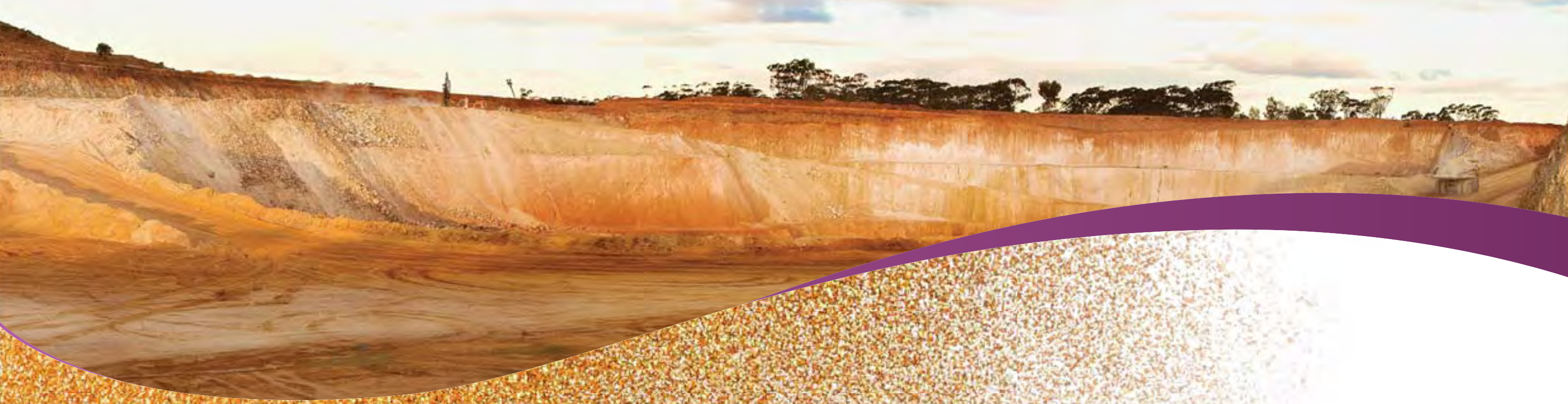


company profile

The company

One of Australia's largest domestic gold producers with annual production of over 172,000 ounces (oz), Norton Gold Fields Limited ("Norton" or "the Company") has its primary mining and processing complex in Western Australia's world class Kalgoorlie gold region.

Collectively known as the "Paddington Operations", this complex includes a highly prospective tenement package of 718km^2 including gold Ore Reserves of 1.07Moz and Mineral Resources of 6.94Moz surrounding the 3.3Mtpa Paddington Mill. The Paddington Operations have a current mine life in excess of ten years, with considerable exploration upside from more than 80 known prospects across its tenement package.

Future expansion will be achieved through organic growth and further acquisitions.

With a sizeable footprint in a world-class gold province, a robust production pipeline and the strong support of its major shareholder Zijin Mining Group Co. Limited ("Zijin"), Norton has a bright future.

Vision

"*Norton has a clear vision to becoming a leading gold producer, setting the industry benchmark in innovation, operational efficiency and cost control.*"

Values

Supporting the achievement of Norton's Vision is a defined set of universal Values:

ZERO HARM: In all things we will strive to work to the highest safety standards, minimising potential harm to people and to the environment and communities in which we operate.

PERFORMANCE DRIVEN: We will hold ourselves accountable to achieving and exceeding our individual and collective goals.

EFFICIENCY: We will continually investigate better, quicker, smarter, more cost-effective and safer ways to work.

INNOVATION: We will seek out and test creative solutions and innovations in technology that have the potential to add value to our business.

FOCUS ON TEAMWORK: We recognise that the sum of the parts is greater than the whole, and value our teamwork across all our stakeholder groups, both internal and external.

"Development of the Enterprise Mine represented a significant investment in Norton's future, its investors and the Goldfields community, and strongly supports Norton's position as a long-term gold miner in Western Australia."

2013 highlights

Q1 – The Turnaround Begins

JANUARY	• $38M invested in an owner-mining fleet to increase productivity and reduce costs • Significant Mineral Resource increase and fast-tracked development of Enterprise Mine • Repaid $38M bridging loan with lower interest cost facility
FEBRUARY	• Significant Mineral Resource increase in the Black Flag West Vein at Homestead
MARCH	• 2013 Production Guidance issued • Appointment of Directors Dr Noel White and Ms Xuelin Cai

Q2 – Exceeding Guidance and Growing

APRIL	• Offer for takeover of Kalgoorlie Mining Company Limited (“KMC”) and its premier underground asset Bullant
MAY	• Official opening of Enterprise Mine by Mr Jinghe Chen (Chairman, Norton Gold Fields) and Mr Tony Crook (Federal Member for O’Connor) • Paddington Operations Mines Rescue Team finished third in Chamber of Mines & Energy Surface Mines Rescue Competition
JUNE	• Exceeded Production Guidance (January – June 2013) • Record six-month gold production of 85,517oz • Ball mill feed head successfully replaced ahead of schedule

Q3 – Performance Consolidation

JULY	• All owner-mining equipment fully operational • 2013 Production Guidance updated
AUGUST	• First Anniversary of Zijin acquisition • US$25M credit facility secured • Gold hedge program introduced
SEPTEMBER	• Opted-in to the WA Department of Mines and Petroleum Mining Rehabilitation Fund and received $21.8M from the retirement of environmental bonds • Mining of Navajo Chief open pit completed

Q4 – Delivering Results

OCTOBER	• Haulage of ore commenced from Enterprise Mine, signalling the commencement of the Paddington Operations new base load mine
NOVEMBER	• Agreement for sale of namesake Norton Gold Mine in Queensland • Acquisition of Lady Bountiful project • Paddington Operations Mines Rescue Team finished third in Chamber of Mines & Energy Underground Emergency Response Competition
DECEMBER	• Record YTD gold production of 172,739oz – highest annual production since the acquisition of Paddington Operations in 2007 • Mineral Resource and Ore Reserve Update – reserve maintained at over 1Moz of gold for the sixth successive year

chairman's report

THE STRENGTH of Norton Gold Fields Limited was demonstrated by a solid performance in tight economic and market conditions over the past year. Norton has delivered on its guidance achieving record gold production, substantially reducing operating costs, and recording improvements in all safety indicators.

Last year when I wrote to you, I spoke about our strengthened financial position with access to development funding, and how our investments and strategies would make Norton's operations more robust and sustainable. Our production forecasts and reduced unit cost estimates reflected our increased confidence in our mining operations.

I am very pleased to report for the CY2013 Norton recorded a net profit of $22.5 million. This occurred whilst the average spot price for gold fell 28%.

As expected the first half of 2013 was primarily focussed on the rapid development of the Enterprise Mine which culminated in the official opening in May 2013, and the commissioning of the new owner-mining equipment.

In August 2013, we marked the first anniversary of Zijin's investment in Norton. As China's largest gold producer and second largest copper producer Zijin brings significant breadth and depth of expertise to Norton.

Zijin has witnessed Norton's progress from day one and is very pleased with the ability to deliver results. A continuing theme going forward is growth, and as has been outlined in the past Norton continues to investigate potential mining ventures and acquisitions, pursuing those opportunities which show economic returns.

We have invested considerably in Norton's future, laying a solid foundation which will ensure that the Company produces gold safely, with improved efficiencies and competitive margins.

The Company remains focussed on leveraging our assets, using new methods and technologies to increase gold production and reduce operating costs, including exploiting lower grade ore economically.

The Board of Directors was refreshed during the year with long serving directors Mr Timothy Prowse, Mr Hanjing Xu and Company Secretary, Ms Leni Stanley, retiring from the Board. On your behalf I thank them for their input and commitment, particularly during the transition period.

We welcome Dr Noel White and Ms Xuelin Cai to the Board. Previously with BHP and Professor of Economic Geology at Heifei University of Technology (China), Noel is a geologist with more than forty-five years-experience. Xuelin is the Deputy Chief Financial Officer of Zijin and previously served as Director and CFO of the Asian operations of a leading German multinational. She has over twelve years audit experience as a CPA.

Our people have worked very hard in a difficult year. We are proud of the commitment and passion they have shown and the strong leadership provided by Norton's Managing Director and Chief Executive Officer, Dr Dianmin Chen and his executive team.

We remain very positive about the future of our business and are convinced that a responsible approach is a decisive factor determining our long-term success. Your company is in a strong position to advance its Vision to be a leading gold producer, setting the industry benchmark in innovation, operational efficiency and cost control.

Yours sincerely
Jinghe Chen
Chairman

managing director's report

2013 MARKED a pivotal year at Norton. At the end of 2012 we started to put in place the pillars for future growth of the business. The announcements in January 2013 of an investment in an owner-mining fleet and the fast-tracked development of the Enterprise Mine signposted the commencement of that change. The adoption of the owner-mining structure represented a significant step in our strategy to increase production and improve our cost profile. Development of the Enterprise Mine signified a substantial investment in Norton's future, its investors and the Goldfields community, and strongly supports Norton's position as a long-term gold miner in Western Australia. The dividends from these investments began to be realised in the latter part of the year when the mining equipment was fully commissioned and ore haulage commenced from the new base-load operations at Enterprise.

Neither of these investments would have been possible without the support of our major shareholder Zijin, which provided funding security for Norton's capital spending requirements.

Norton has continued its organic growth with our Ore Reserve maintained above 1 million ounces of gold for the sixth successive year despite mining depletion, and Mineral Resources increased to 6.94 million ounces of gold. Significant Mineral Resource increases were announced for the Black Flag West Vein at our Homestead underground operations and the Enterprise open pit mine. With a strong growth mandate, the falling gold price improved opportunities for acquisitions and Norton acquired neighbouring gold company Kalgoorlie Mining Company Limited and later secured the Lady Bountiful project. The acquisition of KMC brought together complementary assets in close proximity to deliver greater production, cost efficiency and exploration upside in the Mt Pleasant area.

Early in the reporting period we issued our 2013 Production Guidance, which was upgraded following the first 6 months results (a record 85,517oz of gold) and subsequently exceeded by year end.

In August 2013 we celebrated our first successful year with Zijin who, with their financial and technical strength, continue to be a strong supporter.

As security against further potential falls in the gold price and to secure a portion of cashflow Norton entered into a modest hedging program comprising 50,000oz of gold for delivery over 12 months at a flat forward price of $1,601.40 per ounce. Shortly thereafter Norton further strengthened its cash position opting in to the WA Department of Mines and Petroleum Mining Rehabilitation Fund allowing the return of $21.8 million in environmental bonds.

Norton has an overriding duty to ensure the health and safety of our employees and contractors. Our Lost Time Injury Frequency Rate was 4.4 at year's end. While this was a marked improvement on the previous year, work remains to reach 3.6 which is the Western Australian gold industry benchmark. 2013 saw the introduction and consolidation of key safety initiatives which will help us continue to make improvements towards our ultimate objective of Zero Harm. Our Paddington Operations' Emergency Response Team continued to perform well in the Chamber of Mines & Energy Emergency Response Competitions throughout 2013.

At year's end Norton delivered on promised results with record gold production of 172,739oz (compared to 151,000oz in CY2012) — the highest annual gold production since the acquisition of Paddington Operations in 2007. C1 Cash Costs were reduced from $1,239 (CY2012) to $960 per ounce. Driving the improvement has been increased mill feed grades from across our operations along with a strict cost control regime.

Financially, for the full year 2013 the Company delivered an underlying net profit after tax of $22.5 million, ending the year with a cash balance of $38.8 million compared to $19.0 million cash balance at the start of the year.

Despite an environment of a falling gold price, Norton delivered profitable growth, record gold production, improved safety performance and significantly reduced cash costs. Norton's strong management group was successful in adapting our business, and as a result Norton has become a disciplined and profitable mining company. A performance enhanced culture with a "can do" attitude has been instilled in our daily work and will assist our business to grow in the right direction.

Our ability to continue to safely deliver on our goals is dependent on the continued commitment and support of our employees and I take this opportunity to thank them for a job well done in 2013. We are well positioned to continue to realise further value from the strategic investments we made over the past 12 months and you have my assurance that we will be striving for continued success in 2014 and beyond.

Yours sincerely
Dianmin Chen

Managing Director and Chief Executive Officer

"We have continued confidence in achieving challenging production targets and our disciplined approach to driving costs down. We are committed to improving shareholder returns and our Vision to be a leading gold producer."

Health and Safety

2013 saw the introduction of a ZERO HARM culture and the consolidation of five key safety initiatives:

- *Visible Leadership*
- *Accountability*
- *System Structure*
- *Incident investigation*
- *Hazard reporting*

Improvements have been made across all safety indicators in 2013. Our Lost Time Injury Frequency Rate has been reduced from 7.3 LTI's per million work hours to 4.4 LTI's per million work hours, representing a 40% improvement in twelve months. Coupled with a 20% reduction in Total Recordable Injuries per million work hours (down to 32.2 from 40.4 in December 2012) this has demonstrated the continued progress of the safety leadership and behaviour model put into place during the past eighteen-month period, thanks to increased visible leadership from the management and supervisory teams.

Significant effort has been made to equip our workforce with the tools to effectively identify, assess and mitigate hazards in the workplace and the associated risks. The Company has updated and improved its Health Safety and Environmental Management Systems to reinforce related standards in the workplace. In 2014 Norton will continue to build on the behaviour improvements in high-risk activities and aims to see a further decrease in Total Recordable Injury Frequency rates.

Norton's Paddington Operations Mines Rescue Team competed in the Chamber of Minerals and Energy's annual Surface Mines Rescue Competition held in May 2013, and the Underground Mine Emergency Response Competition in November 2013. Mine rescue competitions are a critical part of the training schedule of mine emergency services, allowing teams to benchmark against their peers and to test their preparedness to perform under pressure.

Placing third in both events was pleasing given our strategy of turning over membership in the competition team to broaden the capabilities of the entire team. The consistency of the Norton team provides confidence in our ability to deal with any situation that may occur in or around our mining operations and reinforces the commitment to build a safety culture throughout the business.

ZERO HARM is the first of Norton's Values, it encompasses minimising potential harm to people, the environment and communities in which we operate.

"ZERO HARM is the first of Norton's Values, it encompasses minimising potential harm to people, the environment and communities in which we operate."

Environment

Norton recognises that environmental compliance is an integral part of any efficient, successful and sustainable business. We are committed to the pursuit of excellence in environmental performance and accept that this reflects the expectations and needs of the broader community. Our community and environmental endeavours are closely co-ordinated and take into account perceptions of the effects and consequences of our actions.

We carefully take into account environmental considerations in all phases of our production. We consult with the community and other stakeholders, listen to them and consider their views and interests. We put in place sound monitoring and management systems to manage and eliminate risks to the environment and the community from our operations.

Norton is pleased to report continued high performance in environmental progress and compliance during 2013. There were two reportable environmental incidents in the 2013 calendar year, down from three in 2012. Norton's Environmental Management System is reviewed regularly to ensure compliance with relevant requirements and to manage our impact on the environment. Importantly, Norton strives to do more than just meet regulatory compliance. In 2013 rehabilitation activities were undertaken progressively at the Navajo Chief, Green Gums and Golden Flag open-cut mines.

A significant achievement in 2013 has been the replacement of Unconditional Performance Bonds with a Mine Rehabilitation Levy pursuant to the Western Australian Department of Mines and Petroleum's Mining Rehabilitation Fund. This has seen $21.8M in bonds released and is considered as a recognition of the standard and progress of environmental rehabilitation at Paddington Operations.

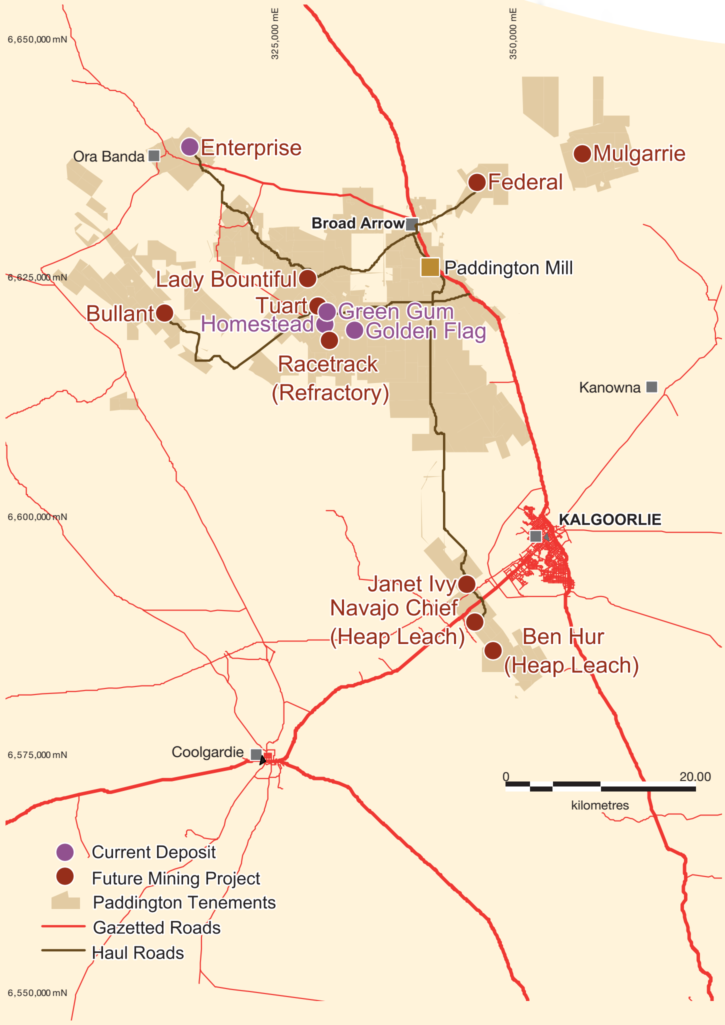


Figure 1. Paddington Operations—deposit location and infrastructure map

Community

Norton values the importance of strong relationships with the communities in which we operate. With Paddington Operations active in the Goldfields since 1985, under the ownership of Norton since 2007, the nurturing of community relationships is a core element of our social responsibility. Through active community participation we have developed a long-term commitment and foster positive relationships built on mutual understanding, respect and trust.

The support and endorsement of Norton's activities by the communities in which we operate is fundamental to our long-term success.

The Company's location close to Kalgoorlie and its daily commuting model means that with a majority of local employees there is a significant vested interest in the local community. In the 2013 calendar year, Norton supported numerous initiatives in its local communities in Western Australia, including:

- Sponsorship of Ora Banda School of the Air.
- Sponsorship and assistance with 'Ora Banda Day' and related activities.
- Regular engagement meetings and review of job prospects for Native Title Claimant Groups.
- Sponsorship of the Goldfields Children's Charity Corporate Golf Day.
- Sponsorship of Kalgoorlie Speedway's Monster Truck Event.
- Sponsorship of the Seniors of Kalgoorlie Christmas luncheon.
- Assistance with the Goldfields Esperance Mining Industry Alliance at science awareness festival, 'Girls and Guys in Mining' forum and Australia Day science awareness stall.
- Engagement with the City of Kalgoorlie-Boulder, State Government organisations, community groups such as Historical Society and Amalgamated Prospectors and Leaseholders Association regarding the de-gazettal of two public roads. This engagement process has resulted in an upgrade to areas of significance for the local community that also allows Norton to efficiently and safely transport ore from mining operations.
- The signing of a Memorandum of Understanding with the Department of Fire & Emergency Services for mutual support in planning and responding to emergency incidents within the vicinity of our Kalgoorlie operations.

Headframes at Kalgoorlie Miners Hall of Fame.
Photo taken by Paul Gent, Open Pit Mining Manager, Paddington Operations.

People and Culture

*Following the introduction in 2013 of Norton's five core values — **ZERO HARM**, **PERFORMANCE DRIVEN**, **EFFICIENCY**, **INNOVATION** and **FOCUS ON TEAMWORK** — Norton and its people continue to promote a strong, results-driven culture, benefiting the wider community.*

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

The business currently employs approximately 480 employees and contractors at its Paddington Operations in Kalgoorlie and corporate office in Perth. During the reporting period, the Company celebrated the opening of the Enterprise Mine near Ora Banda which has increased the life of mine and provided more employment opportunities in the WA Goldfields.

With the majority of its mining operations just a 40-minute drive from Kalgoorlie, Norton continues to support the local community by providing residential positions. By providing residential employment in the WA Goldfields, the Company increases stability of employment for the workforce and provides advantages for a healthy work-life balance. Norton is proud to be involved in, and supportive of numerous community groups and organisations.

Norton continues to focus on building and maintaining a workplace culture that embraces cultural, gender and age diversity. The Company's workforce includes around 415 men and 65 women and includes 12 indigenous employees.

Winner of the National Aboriginal and Islander Day Observance Committee (NAIDOC) Karlkurla Aboriginal Employer of the Year 2013 Award.

Our ability to continue to safely deliver on our goals is dependent on the continued commitment and support of our employees.

During the twelve month period to 31 December 2013 Norton produced 172,739oz of gold. The Company's mining strategy remains focused on large base-load open pit mines (now the new Enterprise operation), in combination with the high-grade underground mines, Homestead and Bullant.

Open Pit

Operations for the period ending 31 December 2013 focussed on pre-stripping the Stage 1 Enterprise open pit mine, the Green Gums and Golden Flag open pit mines and the completion of mining at the Catherwood mine in May 2013 and the Navajo Chief mine in September 2013.

The Enterprise mine commenced operations on 2 May 2013 with pre-strip of the Stage 1 pit completed during the year. Ore production from Stage 1 commenced late in the year and will provide the base load mill feed for 2014 whilst pre-strip of the Stage 2 pit commences.

Green Gums and Golden Flag are smaller projects within the Mount Pleasant camp (18kms south-west of the Paddington Mill). The Green Gums pit provided 1,168,000 tonnes of ore for 50,239oz of gold in 2013 with mining due to be completed in the first quarter of 2014. Golden Flag was predominantly a pre-strip mining operation in 2013, with total production of 65,000 tonnes of ore for 2,029oz of gold. Golden Flag is expected to be completed in the first half of 2014.

Total material moved for the 2013 year was 12,636,000 bank cubic metres. Increased movement was as a result of the operation of the new owner-mining fleet during 2013 and ramping up from two to three mining fleets.

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

Open Pit	Q1	Q2	Q3	Q4	Total
Volume mined (kbcm)	2,678	3,188	3,795	2,975	12,636
Ore tonnes (kt)	1,093	813	758	656	3,321
Mine grade (g/t)	1.28	1.35	1.10	1.18	1.24

*Figures may differ slightly from Quarterly Activity Reports due to survey adjustments and reconciliations

Underground

The Homestead underground mine had an outstanding year. Development metres and total ore tonnes exceeded budget resulting in a record year for ounces of gold produced (67,024oz against a budget of 44,018oz).

Development performance had a slow start but improved significantly after the first quarter due to the implementation of a development improvement program focussed on reducing overall equipment delays and improving utilisation of the jumbo fleet. Total development for the year was 5,173m against a budget of 4,757m.

The mine grade was given a significant boost due to over performance of material from the Black Flag West Vein. The extra development metres and stoping tonnes allowed for the budgeted ore tonnes to be exceeded by almost 10%.

Cost reduction was the focus of 2013. The underground fleet transitioned to owner-mining and the maintenance contract was re-tendered, resulting in significant cost savings.

In 2014 underground exploration will recommence focussing on potential extensions to Black Flag West Vein. The Bullant underground mine (secured during the takeover of KMC) will also commence with a strong focus on exploration.

Underground	Q1	Q2	Q3	Q4	Total
Ore tonnes (t)	45,368	53,329	53,355	70,045	222,097
Mine grade (g/t)	10.19	8.96	10.42	8.41	9.39
Operational development (m)	483	794	1,009	1,259	3,545
Capital development (m)	489	658	398	83	1,628

*Figures may differ slightly from Quarterly Activity Reports due to survey adjustments and reconciliations

processing

THE PADDINGTON MILL is located 35km north of Kalgoorlie, and remains the central hub for Norton's gold processing operations in the Goldfields region.

Gold produced for the 2013 calendar year was 172,739oz, 6% above our updated 2013 production guidance. The Paddington Mill also delivered above nameplate annual throughput of 3.47 million tonnes with an average throughput rate of 425tph. Rates were restricted throughout the year by high viscosity ore that lowered leaching circuit throughput. A number of technological innovations are being trialled to reduce viscosity, in addition to altering the ore blend to achieve improved throughput rates.

The ball mill feed head was successfully replaced in June 2013 with installation completed ahead of schedule and with no safety incidents. Early completion of the shutdown provided additional production time resulting in above forecast gold production in the second quarter 2013, and was a result of careful planning and execution by the maintenance team and contractors.

Excellent mill availability of 93.35% was achieved for the year.

Mill feed ore head grade was 1.65g/t of gold from a mixture of open cut and underground sources. Gold recovery was 93.61%.

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

Ore Processing	Q1	Q2	Q3	Q4	Total
Ore milled (kt)	891	828	889	865	3,473
Feed grade (g/t)	1.64	1.66	1.65	1.65	1.65
Recovery (%)	92.85	94.10	94.47	93.04	93.61
Gold production (oz)	44,053	41,464	44,606	42,616	172,739

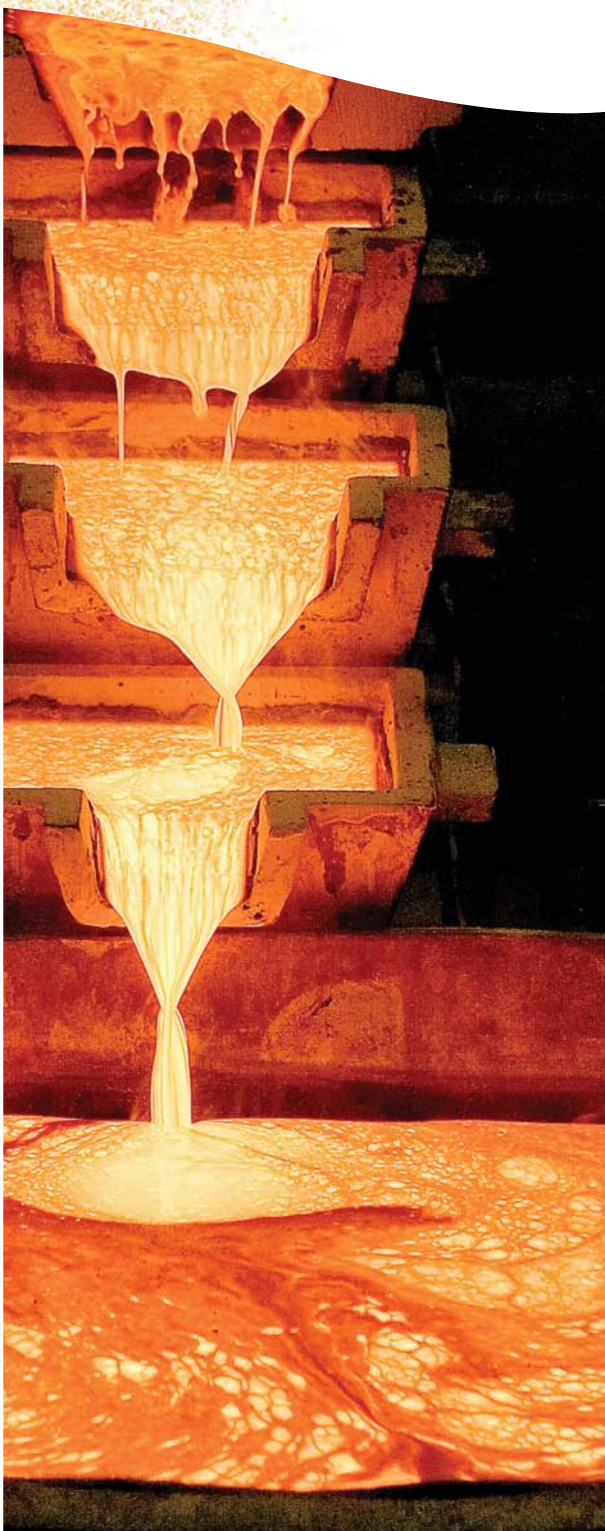
Costs

Management of operating costs continues to be a priority for the Norton team. The C1 cash cost for 2013 was $960/oz, well below guidance of $970 – 1,010/oz. Cost reduction programs, including moving to an owner-mining fleet and re-tendering strategic mobile maintenance contracts, saw an improvement in both costs and efficiency.

A number of annual production records were achieved in both the open cut and underground operations that assisted in achieving a 6.3% increase in grade to the mill. As a result, in 2013, Norton achieved record gold shipped of 173,097oz.

Across the business costs have been reducing through a combination of changes in procurement and the use of alternate materials. Processing and maintenance costs have been reduced by over 5%.

Costs	Q1	Q2	Q3	Q4	2013
C1 cash cost ($/oz)	1,033	1,029	900	883	960
C2 production cost ($/oz)	1,303	1,217	1,130	1,145	1,198
C3 total cost ($/oz)	1,346	1,275	1,185	1,188	1,248



C1 Cash cost represents the costs for mining, haulage, processing, maintenance, administration, including movements for stockpiles and gold-in-circuit. It does not include capital costs for exploration, mine development or processing mill capital works. It includes net proceeds from by-product credits. It does not include the cost of royalties.

C2 Production cost reflects C1 costs plus depreciation and amortisation. This brings in the capital cost of production.

C3 Total cost reflects C2 plus interest, other indirect costs and royalties. Total cost represents all costs attributable to gold production over the same period.

Mount Morgan Gold and Copper Project

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

Historically, Mount Morgan was in production from 1883 to 1981 and for a time was the largest gold mine in the world. Between 1981 and 1991, 28Mt of tailings was re-treated before operations were suspended due to low gold prices and high cyanide costs. The Mount Morgan tenements include thirty mining leases of around 677 hectares, which are wholly owned by Norton. An agreement has been renewed with the Department of Natural Resources and Mining regarding the responsibility between the organisations for rehabilitation.

Norton has worked with several companies through the year reviewing different technological treatment options for this project. A previous feasibility study undertaken by the Company outlined a two-stage approach. Stage 1 involved the production of gold only and Stage 2 involved the addition of a flotation circuit and the production of gold and a pyrite concentrate with copper and gold credits. The Stage 1 plan would relocate the refurbished and reconfigured parts of the former Kundana mill, (acquired by Norton with the Paddington mine assets), from Kalgoorlie to Mount Morgan. The plant capacity of 1Mtpa is considered readily achievable for tailings feed. The different treatment techniques tested also intend to use that plant and the successful process would add its proprietary equipment.

Norton Gold Mine

The Company agreed to sell the Norton Gold Mine, currently in care-and-maintenance, to Mantle Mining Corporation Ltd, with completion occurring in March 2014.

Many Peaks Copper Project

The Many Peaks Copper Project is an exploration project located about 25 kilometres south of the Norton Gold Mine. It is a joint venture in which Norton holds a 70% interest. Many Peaks produced over 500,000 tonnes of copper ore from mining operations from the early 1900s.

resource development and exploration

Overview

The Paddington Operations cover a tenement area of 718 km^2 within the world-class Kalgoorlie gold province. During the reporting period the Company acquired the Bullant and Lady Bountiful projects, increased its mineral resource inventory substantially and maintained ore reserve levels after record annual production of 172,739oz of gold.

Currently, the project includes Proven and Probable Ore Reserves of 19Mt at 1.75g/t Au containing 1.07Moz of gold, with Measured, Indicated and Inferred Mineral Resources of 134Mt at 1.61g/t Au containing 6.94Moz of gold. In the previous comparable period, Norton reported Proven and Probable Ore Reserves of 22.8Mt at 1.53g/t Au containing 1.13Moz of gold, with Measured, Indicated and Inferred Mineral Resources of 123Mt at 1.57g/t Au containing 6.19Moz of gold.

The updated position captures the addition of new drilling data and geological re-interpretation of resource models, revised feasibility studies for ore reserve based on updated mineral resource models, and lower operating costs due to the recently acquired open cut and underground mining fleets, offset by the reduced gold price in 2013.

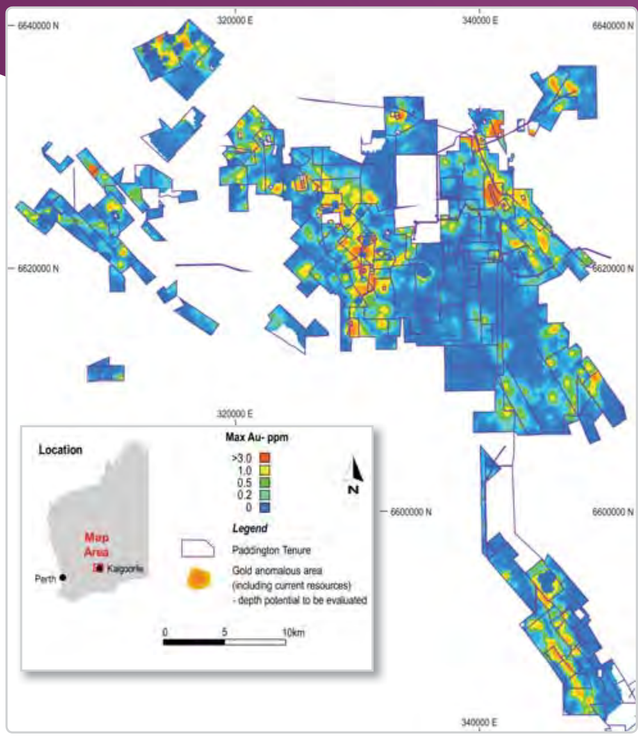


Figure 2. Paddington Tenure, Contoured Maximum Au in Drill Holes

Highlights from the Mineral Resource update (released to the ASX on 24 January 2014) included:

- Homestead Underground Measured, Indicated and Inferred Mineral Resource estimate of 300,000t @ 18.6g/t Au (179,000oz) (31 December 2012: 290,000t @ 18.1g/t Au (170,000)), inclusive of the Black Flag West Vein which contains a Measured, Indicated and Inferred Mineral Resource estimate of 121,000t @ 18.9g/t Au (73,000oz) (last reported 27 February 2013: 107,000t @ 23.9g/t Au (82,000oz)).
- Global Enterprise Indicated and Inferred Mineral Resource estimate of 21 Mt @ 1.72g/t Au (1,115,000oz) (31 December 2012: 22 Mt @ 1.69g/t Au (1,220,000oz)), including a deeper portion of 2.97 Mt @ 2.93g/t Au (280,000oz) (31 December 2012: 3.27 Mt @ 3.03g/t Au (319,000oz)).
- Global Tuart Indicated and Inferred Mineral Resource estimate of 5.29Mt @ 2.71g/t Au (461,000oz) (31 December 2012: 740,000t @ 6.0g/t Au (142,000oz)) (new open cut prospect).
- Bullant Underground Measured, Indicated and Inferred Mineral Resource estimate of 2.03Mt @ 5.06g/t Au (330,000oz) (acquired in 2013).

Highlights from the Ore Reserve update included:

- Homestead Underground Proven and Probable Ore Reserve of 241,000t @ 7.04g/t (55,000oz) (31 December 2012: 170,000t @ 8.95g/t Au (49,000oz)).
- Enterprise Open Cut Probable Ore Reserve of 9.70Mt @ 1.84g/t Au (575,000oz) (31 December 2012: 10.17Mt @ 1.72g/t Au (563,000oz)).
- Tuart Open Cut Probable Ore Reserve of 828,000t @ 1.90g/t Au (50,000oz) (new open cut prospect).
- Lady Bountiful Open Cut Probable Ore Reserve of 648,000t @ 1.89g/t Au (39,000oz) (additional project area acquired 2013).

> *"Opportunities remain to investigate and exploit the Paddington tenement package further and we continue to seek high-grade deposits to complement the overall strategy of increasing production and reducing costs."*

Mineral resource and ore reserve status changes between the previous publicly released estimates (for 31 December 2012) and those reported herein are due to a combination of:

- Addition from acquisition.
- Mineral resource update and accompanying change in ore reserve.
- Addition of previously unreported mineral resource.
- Depletion from mining.
- Ore reserve modification due to fluctuation in gold price.
- Change in reporting area allocation (for example the Racetrack, Marlock and some parts of the Tuart mineral resource areas were previously reported under the 'Mt Pleasant' umbrella).

The Paddington Operation has a strong pipeline of potential open cut and underground projects which are being targeted by staged resource development programs. The project pipeline is capable of supporting a long-term Life of Mine (LoM) plan.

> *Clear mandate to increase annual gold production to 300,000 oz and beyond within the near to medium term.*

Project Areas

Paddington Operations current mining projects are principally located within the Mount Pleasant (Homestead, Golden Flag, and Green Gum) and Ora Banda (Enterprise) Project areas. Other significant areas of resource inventory include the Binduli and Golden Cities camp areas.

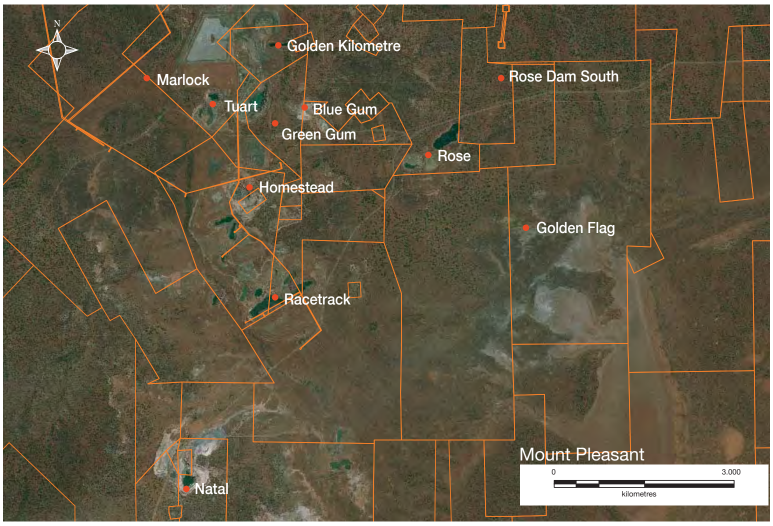


Figure 3. Mount Pleasant

Project	2013			2012		
	Mt	Au g/t	Ounces Au	Mt	Au g/t	Ounces Au
Golden Cities	13.5	1.75	759,000	13.5	1.75	759,000
Ora Banda	24.0	1.68	1,293,000	22.5	1.69	1,220,000
Mount Pleasant	20.5	2.77	1,824,000	18.65	2.91	1,744,000
Lady Bountiful	6.77	1.76	382,000	4.79	1.75	269,000
Mulgarrie	2.58	2.30	191,000	1.49	3.07	147,000
Binduli	55.9	1.04	1,860,000	56.6	1.03	1,884,000
Carbine	7.16	2.35	542,000	2.68	1.18	101,000
Stockpiles	3.86	0.73	90,000	2.67	0.71	61,000
Total Mineral Resources	**134**	**1.61**	**6,942,000**	**123**	**1.57**	**6,187,000**

Note: Apparent arithmetic inconsistencies are due to rounding

The resource development strategy for the Paddington Operations is driven by a Life-of-Mine plan which focuses on large, relatively long-term, base-load open pit deposits to supply the bulk of ore feed to the 3.3Mtpa Paddington processing plant, supplemented by high-grade underground ore, and small, relatively higher-grade open cut mining projects.

The current base-load project is the Enterprise Mine which has an ore reserve of 9.70Mt @ 1.84g/t Au (575,000oz), (31 December 2012: 10.17Mt @ 1.72g/t Au (563,000oz)). The Company is evaluating its mineral resources available for development and potential future base-load open pit projects including:

Federal (6,700,000t @ 2.00g/t Au for 433,000oz)
(unchanged since 31 December 2012)

Ben Hur (9,300,000t @ 1.74g/t Au for 520,000oz)
(unchanged since 31 December 2012)

Janet Ivy (10,300,000t @ 1.00g/t Au for 331,000oz)
(unchanged since 31 December 2012).

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

The current high-grade underground project is the Homestead Deposit which has a reserve of 241,000t @ 7.04g/t Au (55,000oz) (31 December 2012: 170,000t @ 8.95g/t Au (49,000oz).

The Company holds the following mineral resources within its tenement package, among its strong pipeline of future underground projects:

Bullant (2,031,000t @ 5.06g/t Au for 330,000oz)
(acquired in 2013)

Tuart (1,083,000t @ 6.18g/t Au for 215,000oz)
(31 December 2012: 737,000t @ 6.0g/t Au for 142,000oz)

Enterprise (2,970,000t @ 2.93g/t Au for 280,000oz)
(31 December 2012: 3,270,000t @ 3.03 Au for 319,000oz)

Golden Kilometre (762,000t @ 4.17g/t Au for 102,000oz)
(unchanged since 2012).

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

A number of key projects containing resources are being evaluated for future mineral resource to ore reserve conversion including the following:

- **Black Flag West Vein down-dip extensions**
  Results at the base of the mineral resource model include 4m @ 19.0g/t Au.
- **Black Flag West Vein up-dip extensions**
  A vertical interval of 50m remains between the top of the currently defined mineralised vein and the base of a shallow overlying pit, results in the uppermost portion of the mineral resource model include 2.60m @ 106g/t Au, 1.60m @ 68.7g/t Au and 1.0m @ 42.0g/t Au.
- **A new hangingwall lode in the Tuart 060 Vein**
  Recent results include 5.50m @ 17.3g/t Au and 7.50m @ 5.66g/t Au. The new vein could extend to the north-west and form the primary source of the Tuart Supergene zone.
- **VN03 down-dip extensions**
  Deeper results include 1.0m @ 61.1g/t Au. The intercept has the potential to develop into a small, discrete but high-grade mineralised pod.
- **VN03 North**
  A relatively untested vein located 200m north of VN03, best down-hole drill result of 0.8m @ 31.1g/t Au from very sparse drilling.
- **Cross-cutting veins**
  The Phantom Vein, SW Lode and 140 Veins are current examples of smaller obliquely oriented mineralised veins that have been defined.

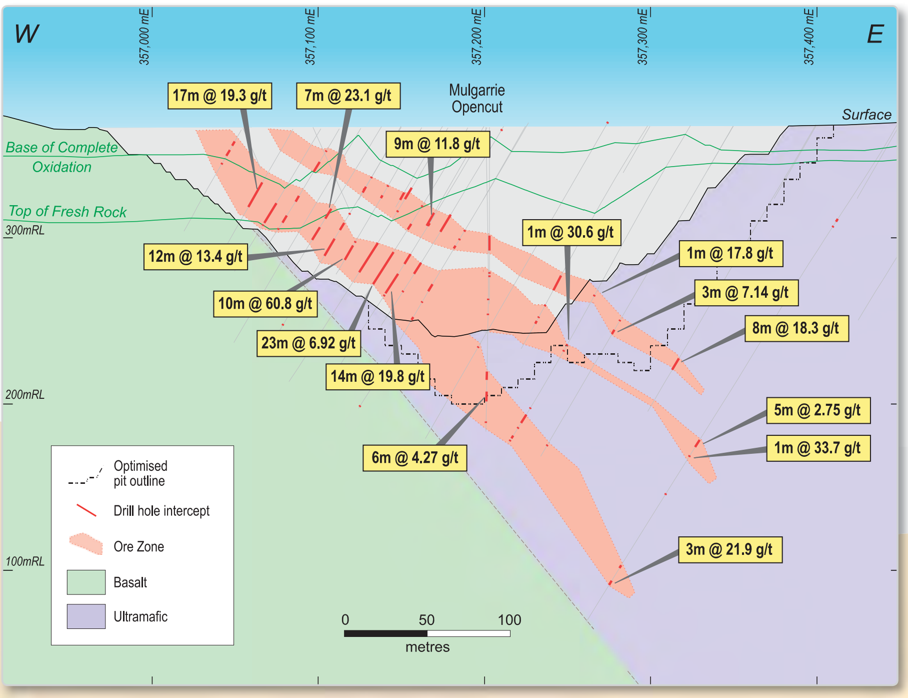


Figure 4.
Mulgarrie Schematic Cross Section

Enterprise Prospect

The Enterprise deposit is located 38km north-west of the Paddington Mill, within the Ora Banda project area. Geological control on the Enterprise deposit comprises the intersection of an east-west trending structural corridor with a stratigraphically favourable south-west dipping dolerite sequence. Mineralisation is hosted by brecciated and pervasively altered dolerite material. The main lode of mineralisation forms a broad, robust, plunging pipe, remaining open down-plunge to the west where drilling density diminishes.

In January 2013, the Company announced an 18% increase to its Indicated and Inferred Mineral Resources estimate for Enterprise, and that it had committed A$40 million to commence the immediate development of the Enterprise Open Pit Project. Mining commenced in May 2013 and first ore was treated in October 2013. A grade control update for the 400– 360mRL panel in December 2013 has confirmed a robust higher-grade transitional to fresh ore component to be mined during early 2014.

At 31 December 2013, the Company reported an Indicated and Inferred Mineral Resource estimate for the global Enterprise Project of 21Mt @ 1.72g/t Au (1,115,000oz), and an open cut Ore Reserve of 9.70Mt @ 1.84g/t Au (575,000oz). See ASX announcement dated 24 January 2014. Enterprise will provide average production of 110,000oz of gold per year for 5 years. Evaluation of underground mining opportunities for Enterprise is currently in progress.

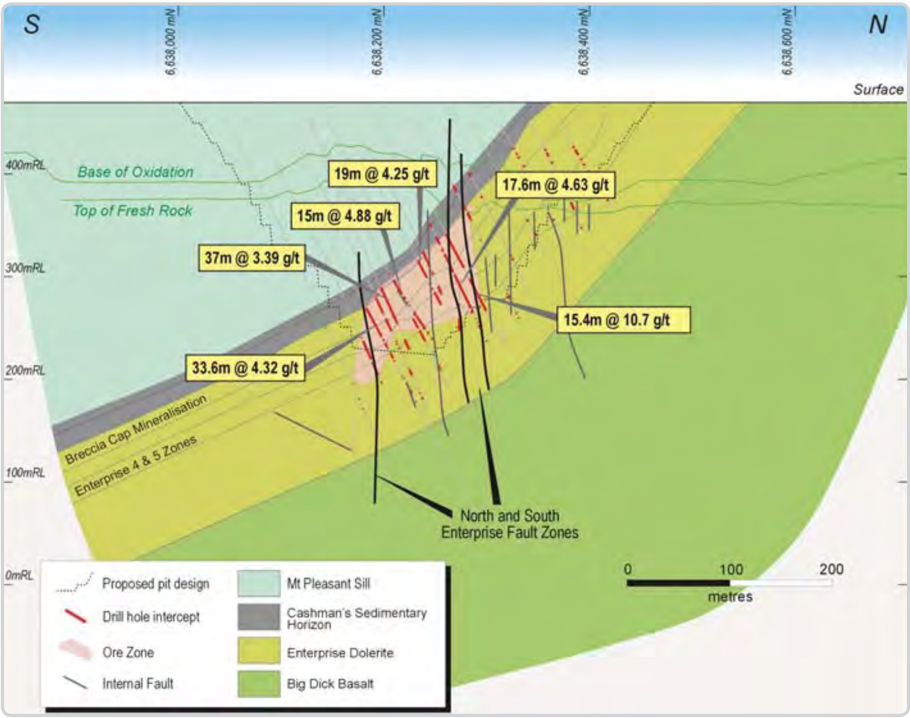


Figure 5.
Enterprise Schematic Cross Section

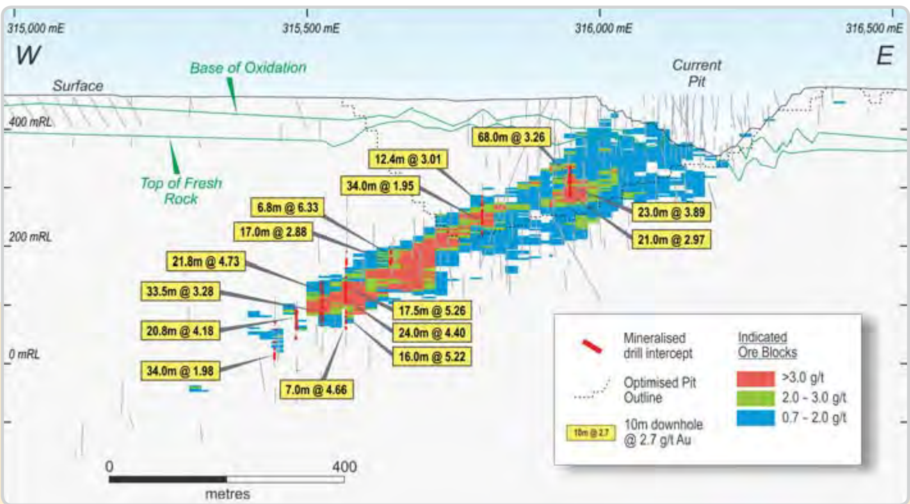


Figure 6.
Enterprise Schematic Long Section

Homestead Underground

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

The deposit is composed of several high-grade mineralised veins hosted by mafic volcanic lithologies and focused within, and adjacent to, a northerly trending, steep westerly dipping zone of ductile deformation known as the Homestead Shear Zone. The VN01 and VN03 mineralised veins lie within the Shear Zone, with VN03 situated immediately north of VN01 in a structurally offset position. The Black Flag West Vein is oriented obliquely to the Homestead Shear Zone.

A Measured, Indicated and Inferred Mineral Resource estimate of 300,000t @ 18.6g/t Au (179,000oz) has been defined for all known mineralised veins at the Homestead Deposit, using a 3.5g/t Au cut-off grade, and depletion from mining to 31 December 2013. The Black Flag West Vein component of this resource is 121,000t @ 18.9g/t Au (73,000oz). A Proven and Probable ore Reserve of 240,000t @ 7.04g/t Au (54,000oz) has been defined at Homestead.

Mineralisation at Black Flag West Vein remains open. Both up and down-dip and further drilling is planned to evaluate mineralisation extensions.

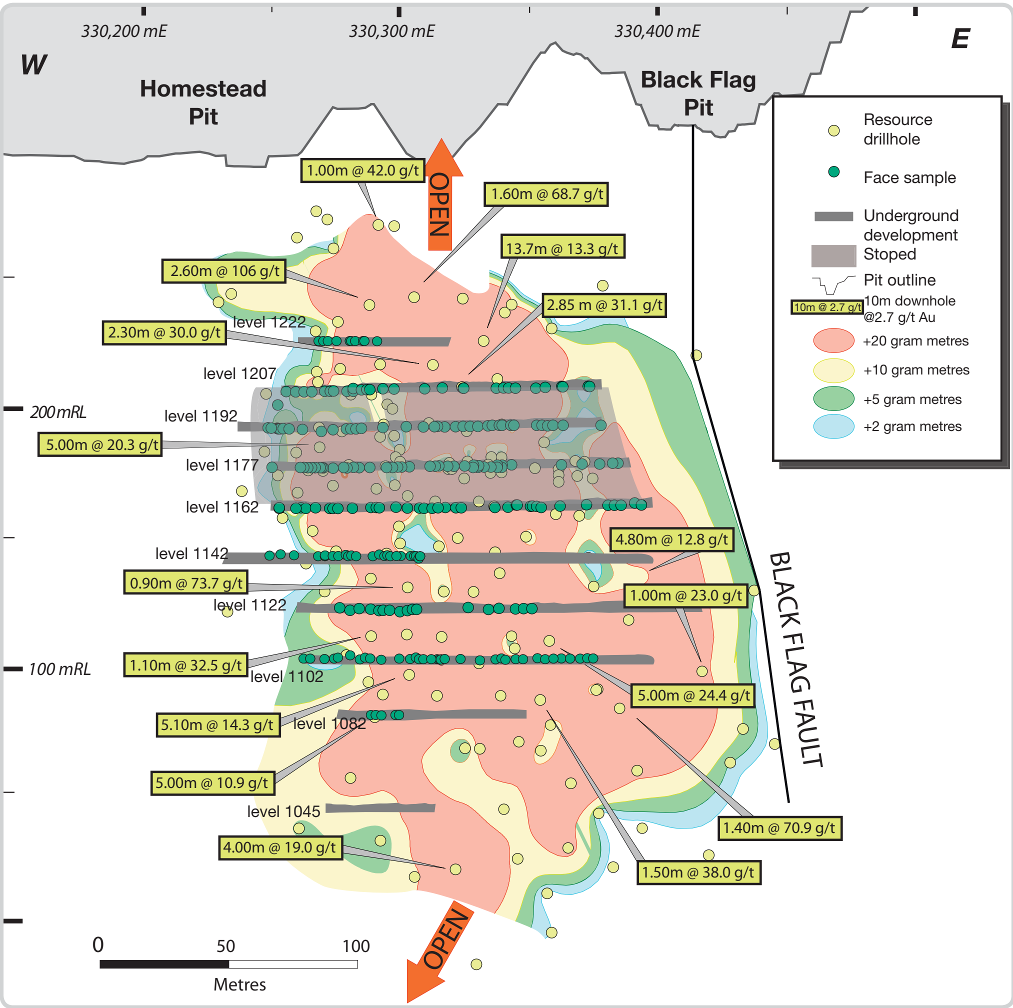


Figure 7.
Black Flag West Schematic Long Section

Resource upgrades to Black Flag West Vein and Enterprise Mine built on Norton's strategy of increasing gold production to drive costs down.

Bullant Underground

The Bullant underground project was acquired with KMC during the year. The project is located 40km west of the Paddington Mill by road.

Mineralisation occurs in up to four lodes (labelled the Main, East, West and Cross lodes) and is associated with vein quartz and silica-biotite-pyrite altered basalt. Both the Main and East lodes remain open at depth with no indication of diminishing grade tenor. Both lodes are potentially open in some positions to the south, and repetitions of high-grade vein mineralisation further afield along strike extensions is also possible.

Bullant has a Measured, Indicated and Inferred Mineral Resource of 2.03Mt @ 5.06g/t Au (330,000oz). Drilling of depth extensions of the Main Lode will be undertaken during 2014. Evaluation of mining options and ore reserve will be conducted upon update of the mineral resource model. Development of the Bullant orebody recommenced in January 2014.

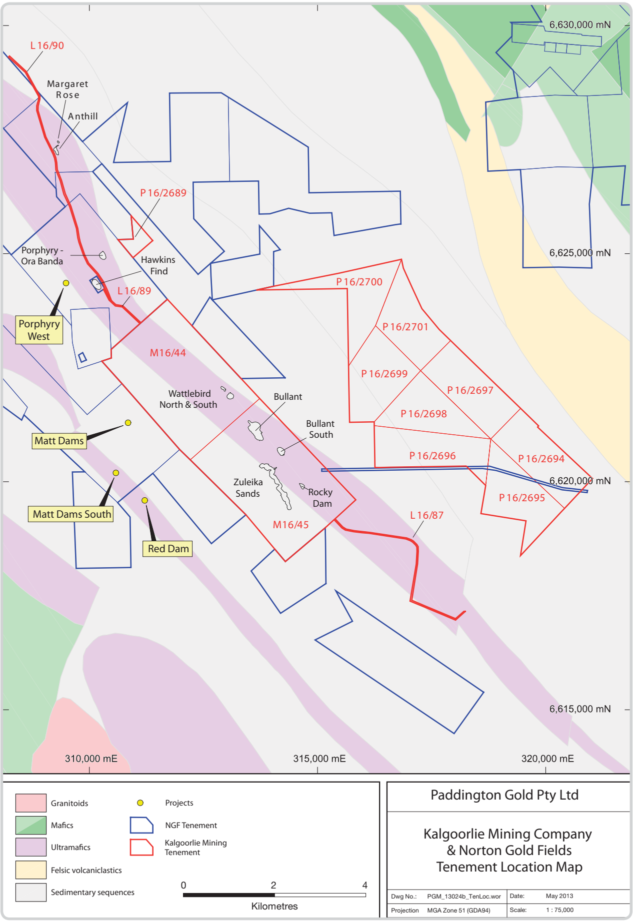


Figure 8. Kalgoorlie Mining Company and Norton Gold Fields Tenement Location Map

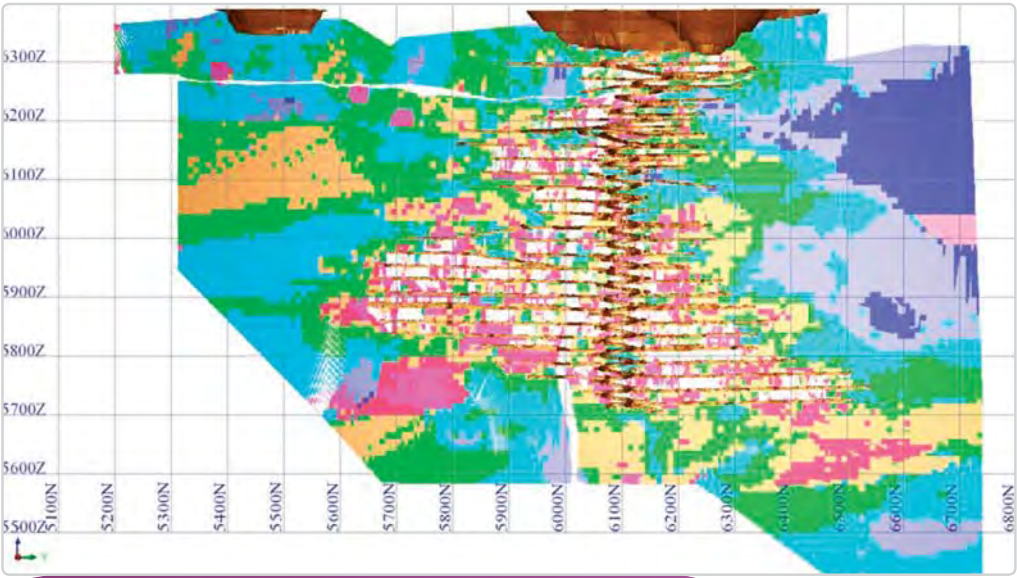


Figure 9.
Bullant Long Section

The acquisition of Kalgoorlie Mining Company made good sense bringing together complementary assets to deliver greater production, cost efficiency and exploration upside.

Tuart Prospect

The Tuart Prospect is located within the Mount Pleasant mine camp area, adjacent to the currently operating Homestead underground mine and the Green Gum open cut mine.

Mineralisation at Tuart comprises a series of high-grade quartz-carbonate-sulphide brecciated or laminated veins hosted within mafic volcanics. Supergene oxide mineralisation occurs above some of the veins with the greatest concentration of supergene mineralisation lying immediately to the north-east of previously mined pits.

An Indicated and Inferred Mineral Resource estimate of 5.29Mt @ 2.71g/t Au (461,000oz) has been defined after substantial drilling conducted during 2013. The mineral resource estimate comprises an open cut component of 4.21Mt @ 1.82g/t Au (246,000oz), and an underground component of 1.08Mt @ 6.18g/t Au (215,000oz). A Probable Ore Reserve estimate of 830,000t @ 1.90g/t Au (50,000oz) has been defined.

Upside potential remains in recently identified mineralised veins, depth extensions of known veins and increased definition of the supergene zone.

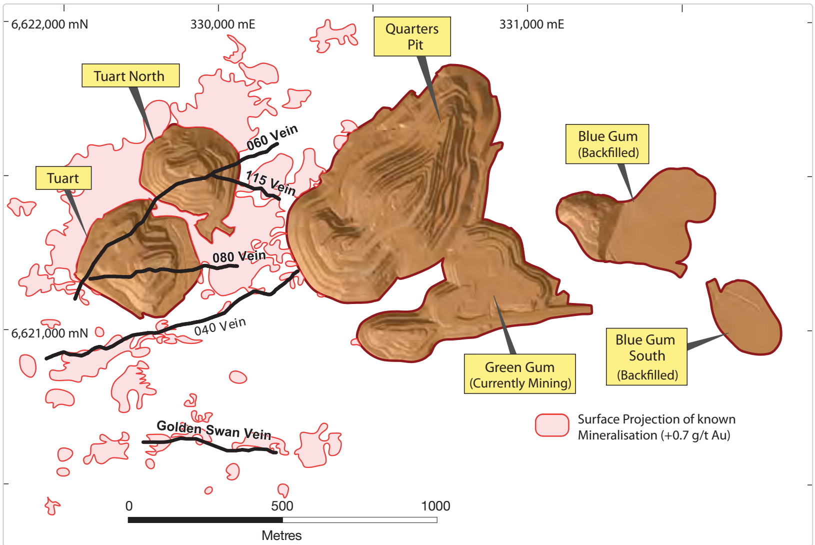


Figure 10. Tuart Area displaying Major Lode Structures

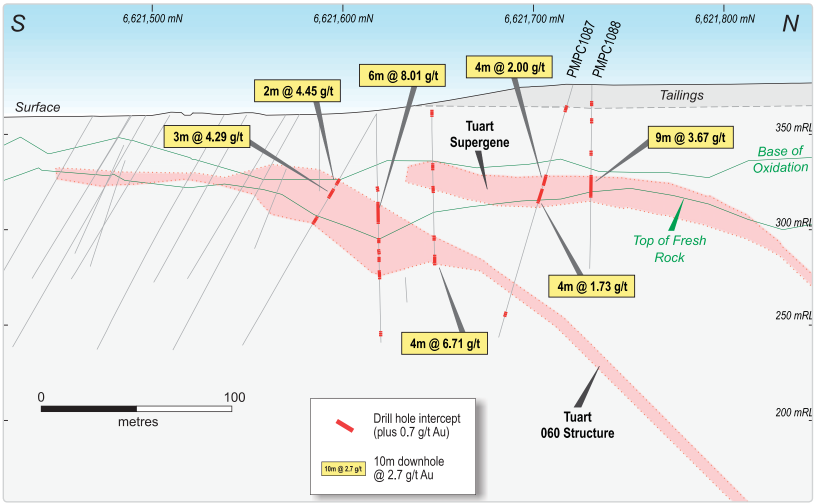


Figure 11. Tuart Supergene 330,080 East

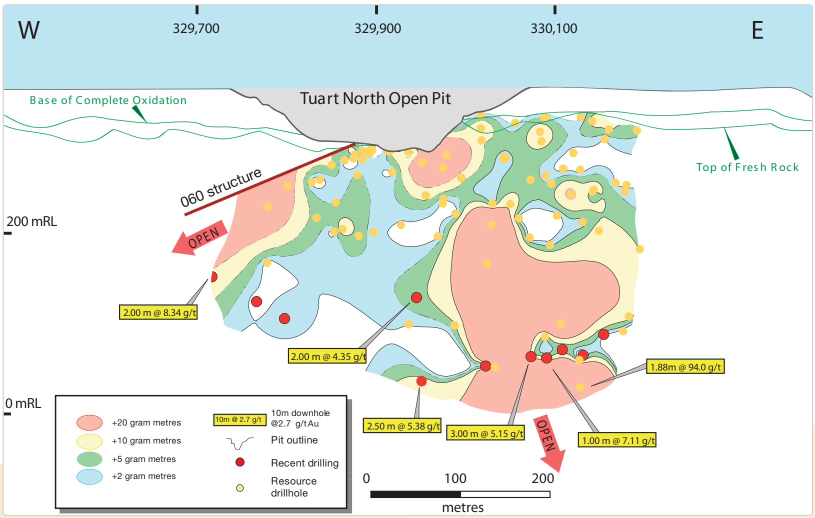
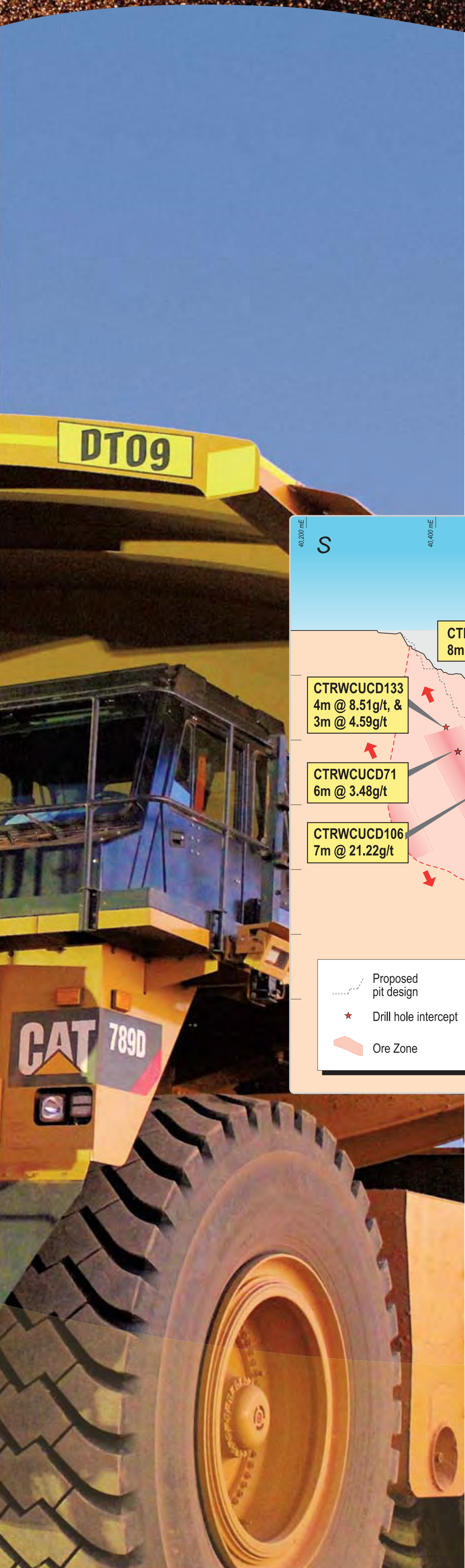


Figure 12. Tuart 115 Lode Schematic Long Section



Federal Prospect

The Federal deposit is located 12 km north-east of the Paddington mill, situated within the Golden Cities camp area which includes the previously mined Havana deposit.

Mineralisation is hosted by granitoid lithologies and is controlled by a north-west trending fault zone. Gold mineralisation is associated with pyritic vein quartz, with vein density the dominant control on gold grade. Several plunging high-grade lodes within the broader lower-grade mineralised envelope are interpreted, and future work will review the potential to extend these lodes.

Federal has an Indicated and Inferred Mineral Resource estimate of 6.73 Mt @ 2.0 g/t Au (433,000 oz). A Probable Ore Reserve of 1.73 Mt @ 1.8 g/t Au (100,000 oz) has been defined.

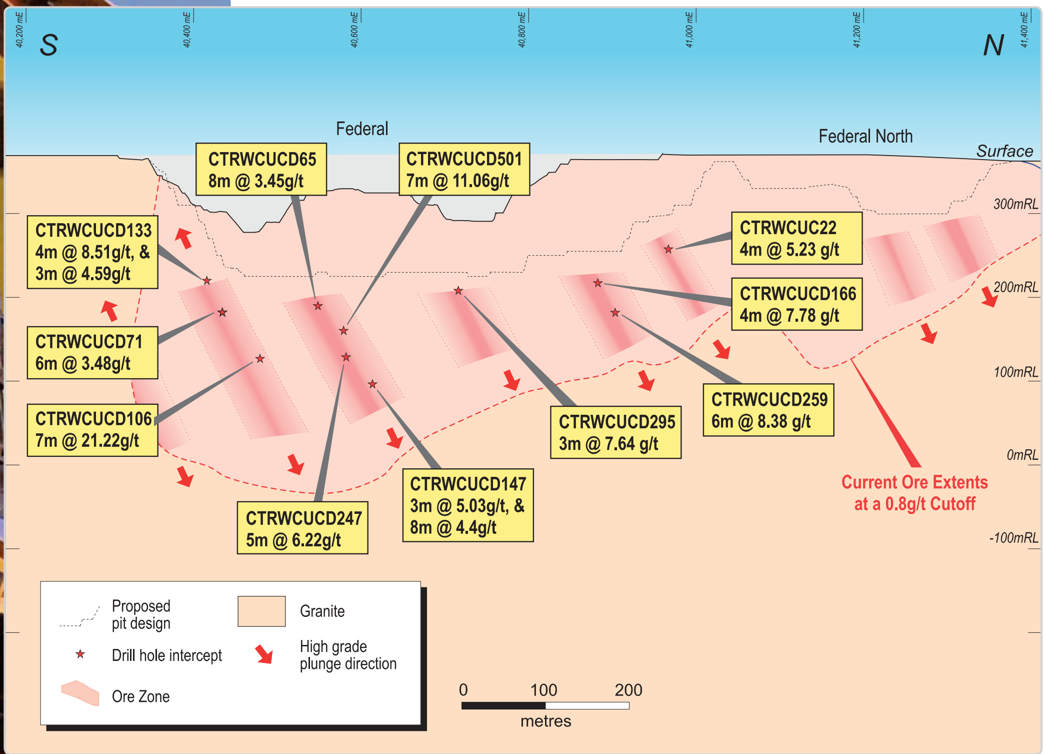


Figure 13. Federal Schematic Long Section

Janet Ivy Prospect

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

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

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

The lower-grade range captures additional material that may be amenable to heap leach and this evaluation is underway. A remaining Probable Ore Reserve of 2.39Mt @ 1.11g/t Au (85,000oz) has been defined as a mill-only scenario (not inclusive of any heap leach potential).

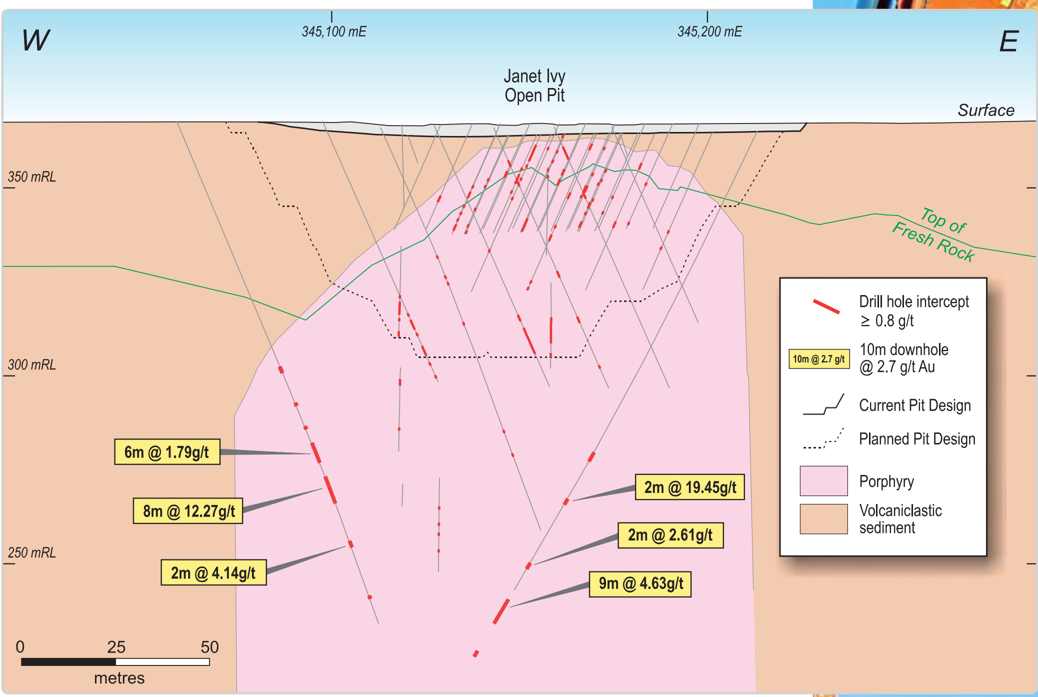
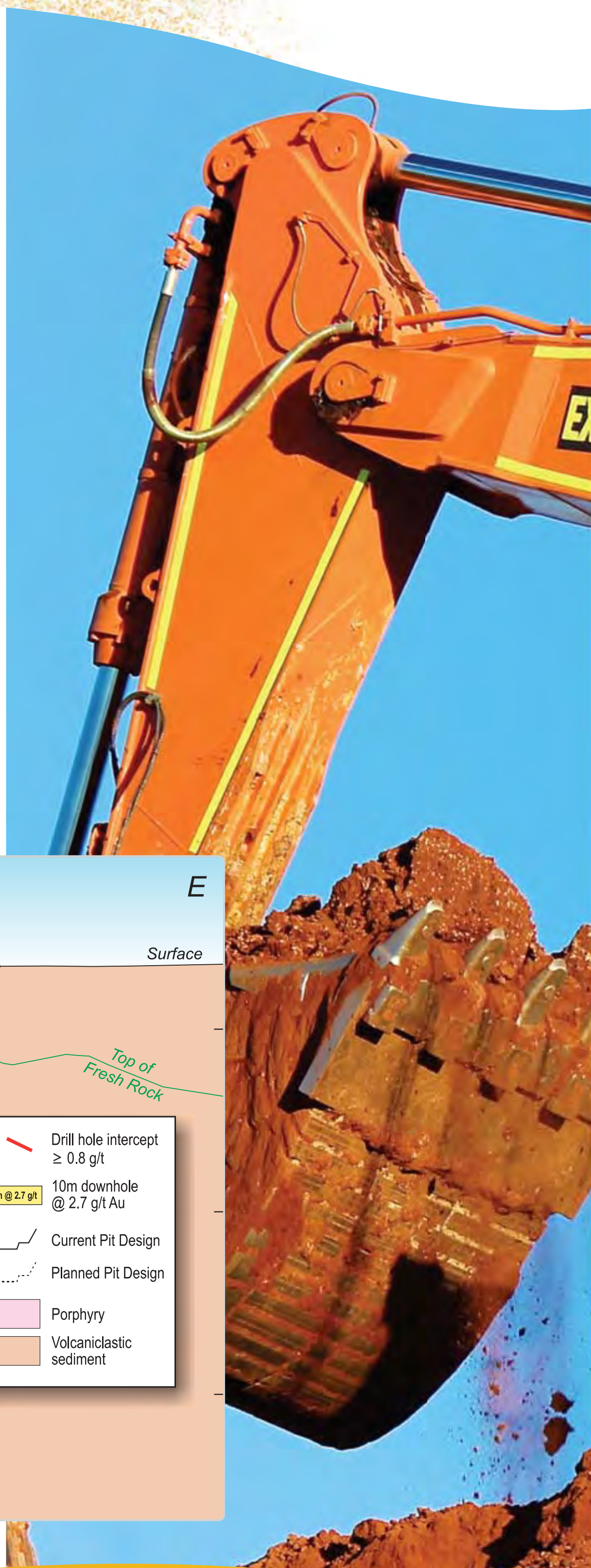


Figure 14. Janet Ivy Schematic Cross Section



Norton adopted a business model that seeks to attain sustainable and increased production within a strict cost control environment.

Governance arrangements and internal controls

A summary of the governance and controls applicable to the Company's mineral resource and ore reserve processes is as follows:

Mineral Resources

- Review and validation of drilling and sampling methodology and data spacing, geological logging, data collection and storage, sampling and analytical quality control.
- Geological interpretation – review of known and interpreted structure, lithology and weathering controls.
- Estimation methodology – relevant to mineralisation style and proposed mining methodology.
- Comparison of estimation results with previous mineral resource models, and with results using alternate modelling methodologies.
- Visual validation of block model against raw composite data.
- Internal peer review by senior company personnel.

Ore Reserve

- Review of potential mining methodology and fleet size to suit mineralisation characteristics.
- Review of potential modifying factors, cost assumptions and gold price to be utilised in mining evaluation.
- Optimisation using appropriate software packages for open pit and underground evaluation.
- Design based on optimisation results.
- Internal peer review by senior company personnel.

On 24 January 2014, Norton released its Updated Ore Reserves and Mineral Resources Statement to the ASX, such announcement included JORC 2012 Table 1's, providing additional details of the processes described here.

Paddington Ore Reserve (31 December 2013)

Deposit	Proven			Probable			Total		
	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces
Federal				1.73	1.80	100,000	1.73	1.80	100,000
Enterprise				9.70	1.84	575,000	9.70	1.84	575,000
Golden Flag				0.55	1.55	28,000	0.55	1.55	28,000
Green Gum				0.09	1.59	5,000	0.09	1.59	5,000
Mulgarrie				0.82	2.23	59,000	0.82	2.23	59,000
Janet Ivy				2.39	1.11	85,000	2.39	1.11	85,000
Fort Scott				0.23	1.67	12,000	0.23	1.67	12,000
Wattle Bird				0.49	1.47	23,000	0.49	1.47	23,000
Lady Bountiful				0.65	1.89	39,000	0.65	1.89	39,000
Tuart				0.83	1.9	50,000	0.83	1.9	50,000
Homestead U/G	0.10	8	26,000	0.14	6.36	28,000	0.24	7.04	55,000
Stockpiles	1.21	1	37,000	0.08	1.20	3,000	1.29	0.96	40,000
Inventory (GIC)									3,000
Total Ore Reserve	1.32	1.49	63,000	17.69	1.77	1,007,000	19.01	1.75	1,073,000

Note: Apparent arithmetic inconsistencies are due to rounding

Paddington Resource Statement (includes Ore Reserve) (31 December 2013)

Project Area	Deposit	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Ounces	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces
Golden Cities	Havana				4.29	1.69	233,000	0.26	1.73	14,000	4.55	1.69	247,000
	Federal				3.74	1.92	231,000	2.99	2.1	202,000	6.73	2	433,000
	Jakarta				1.77	1.15	65,000	0.42	1.02	14,000	2.19	1.13	79,000
Ora Banda	Enterprise OP				11.79	1.67	634,000	4.50	1.25	181,000	16.29	1.56	815,000
	Enterprise UG				2.04	3.09	202,000	0.93	2.58	78,000	2.97	2.93	280,000
	Enterprise West				0.07	0.87	2,000	1.64	1.1	58,000	1.72	1.09	60,000
	North Sandalwood							1.64	1.24	65,000	1.64	1.24	65,000
	Sleeping Beauty							0.53	1.46	25,000	0.53	1.46	25,000
	Tom Allen							0.84	1.77	48,000	0.84	1.77	48,000
Mt Pleasant	Mt Pleasant				1.37	1.93	85,000	2.54	2.08	169,000	3.91	2.03	255,000
	Racetrack				0.54	4.3	75,000	4.40	3.3	467,000	4.94	3.41	541,000
	Royal Standard North							0.30	1.43	14,000	0.30	1.43	14,000
	Green Gum	0.16	1.44	7,000	0.11	1.35	5,000	0.03	0.97	1,000	0.30	1.35	13,000
	Blue Gum				0.12	1.77	7,000	0.24	1.42	11,000	0.36	1.53	18,000
	Homestead UG	0.08	22.4	54,000	0.11	19.8	71,000	0.11	14.9	54,000	0.30	18.6	179,000
	Golden Kilometre							0.76	4.17	102,000	0.76	4.17	102,000
	Tuart OC				3.22	1.77	183,000	0.99	1.97	62,000	4.21	1.82	246,000
	Tuart UG				0.18	5.61	33,000	0.90	6.29	182,000	1.08	6.18	215,000
	Marlock				0.08	1.65	4,000	1.04	2.07	69,000	1.12	2.04	74,000
	Natal							0.38	2.46	30,000	0.38	2.46	30,000
	Golden Flag				0.43	1.73	24,000	1.00	1.82	58,000	1.43	1.79	82,000
	Rose Dam South							0.54	1.22	21,000	0.54	1.22	21,000
	Rose				0.39	1.26	16,000	0.50	1.13	18,000	0.89	1.19	34,000
Lady Bountiful	Lady Bountiful				1.84	1.75	104,000	0.13	2.15	9,000	1.98	1.78	113,000
	Lady Bountiful Extended							4.25	1.72	235,000	4.25	1.72	235,000
	Liberty West							0.54	1.94	34,000	0.54	1.94	34,000
Mulgarrie	Mulgarrie				1.12	2.38	85,000	1.15	2.42	90,000	2.27	2.4	175,000
	Mulgarrie Well							0.31	1.61	16,000	0.31	1.61	16,000
Binduli	Janet Ivy				6.37	0.97	199,000	3.93	1.05	132,000	10.30	1	331,000
	Janet Ivy - Low Grade				1.99	0.55	35,000	1.32	0.55	23,000	3.31	0.55	58,000
	Navajo Chief				12.29	1	394,000	3.17	1.08	110,000	15.46	1.01	504,000
	Navajo Chief - Low grade				11.22	0.59	214,000	2.67	0.59	51,000	13.89	0.59	265,000
	Fort William				0.23	2.2	16,000	1.78	1.26	72,000	2.00	1.37	88,000
	Fort Scott				0.32	2.08	22,000	0.13	1.83	8,000	0.45	2.01	29,000
	Apache							0.63	1.67	34,000	0.63	1.67	34,000
	Ben Hur (1,2,3)				3.60	1.2	139,000	5.68	2.08	381,000	9.29	1.74	520,000
	Pitman South							0.10	2.2	7,000	0.10	2.2	7,000
	Walsh							0.22	1.69	12,000	0.22	1.69	12,000
	Walsh North							0.20	1.85	12,000	0.20	1.85	12,000
Carbine	Bullant UG	0.08	6.68	17,000	0.78	4.91	123,000	1.17	5.05	190,000	2.03	5.06	330,000
	Wattlebird				1.89	1.36	83,000	0.06	1.47	3,000	1.95	1.37	85,000
	Matt's Dam							0.29	1.68	15,000	0.29	1.68	15,000
	Matt's Dam South							0.56	1.39	25,000	0.56	1.39	25,000
	Porphyry				1.66	1.09	58,000	0.68	1.25	27,000	2.34	1.14	85,000
	Stockpiles	2.29	0.77	57,000	0.37	0.66	8,000	1.21	0.66	26,000	3.86	0.73	90,000
	Total Mineral Resource	2.61	1.61	135,000	73.94	1.41	3,351,000	57.64	1.86	3,456,000	134.20	1.61	6,942,000

Note: Apparent arithmetic inconsistencies are due to rounding

Competent Persons Statement

The information in this report that relates to Mineral Resources is based on, and fairly represents information and supporting documents compiled by Peter Ruzicka. The information in this report that relates to Ore Reserves is based on, and fairly represents information and supporting documents prepared by Guy Simpson and Elizabeth Jones. Exploration drilling results have been compiled by Peter Ruzicka.

Peter Ruzicka, Guy Simpson and Elizabeth Jones are all members of the Australasian Institute of Mining and Metallurgy and full-time employees of Norton Gold Fields Limited.

Peter Ruzicka, Guy Simpson and Elizabeth Jones 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 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Ruzicka, Guy Simpson and Elizabeth Jones all approve and consent to the inclusion in this report of matters based on their information in the form and context in which it appears.

Mount Morgan Project

The information in this report that relates to 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") and is based on, and fairly represents, information and supporting documents prepared by Troy Lowien, Resource Geologist, of consultants Coffey Mining Pty Ltd, who is a Member of The Australian Institute of Mining and Metallurgy ("AUSIMM") and has a minimum of five years of experience in the estimation, assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the JORC Code. Troy Lowien conducted the geological modelling, statistical analysis, variography, grade estimation and report preparation. This report accurately summarises and fairly reports his estimations and he has approved and consented to the resource report in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Annual Financial Report

for the year ended 31 December 2013

Contents

In accordance with a resolution of the Board, the directors present their report on the consolidated entity ("the group") consisting of Norton Gold Fields Limited ("Norton" or "the Company") and the entities it controlled at the end of or during the 12 months ended 31 December 2013.

Directors

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

J.Chen

Dr D.Chen

A.Bi

Dr N.White (appointed as non-executive director on 18 March 2013)

X.Cai (appointed as non-executive director on 18 March 2013)

A.Prowse (retired as non-executive director on 1 February 2013)

H.Xu (resigned as non-executive director on 1 July 2013)

Principal activities

During the 12 months ended 31 December 2013, the principal continuing activities of the group consisted of production of gold and exploration in the Kalgoorlie gold fields.

Operating and financial review

Review of operations

Corporate

In January 2013, Norton repaid its $38,000,000 Bridging Term Loan facility with Jinyu (H.K.) International Mining Company Limited by drawing down on the US$105,000,000 credit facility with the Industrial and Commercial Bank of China. The Company also obtained a US$25,000,000 credit facility from Gold Mountain (H.K.) International Mining Company Limited, a wholly owned subsidiary of Zijin Mining Group Co., Ltd ("Zijin").

On 17 April 2013, Norton announced a friendly off-market takeover offer to acquire Kalgoorlie Mining Company Limited ("KMC"). The takeover was completed, with KMC subsequently delisted from the ASX in August 2013. The completed takeover brings together complementary assets and delivers greater production, cost efficiency and exploration upside for the Company.

The Board welcomed two non-executive directors, Dr Noel White and Ms Xuelin Cai, and farewelled Mr Anthony Prowse and Mr Hanjing Xu (both non-executive directors) and Ms Leni Stanley (joint company secretary).

The Company completed the purchase of the Lady Bountiful tenement, closely located to its Paddington Operations.

During the financial year, the Company initiated a gold forward sale program with Macquarie Bank Limited for 50,000 ounces of gold for delivery by September 2014, at a flat forward price of $1,601.40 per ounce. At the end of the financial year, the Company had a total position of 9,741 ounces.

Subsequently to the financial year end, the Company increased its gold forward sale program by:

- 25,000 ounces of gold for delivery by December 2014, at a flat forward price of $1,431.00 per ounce;
- 25,000 ounces of gold for delivery by December 2014, at a flat forward price of $1,452.80 per ounce; and
- 25,000 ounces of gold for delivery by March 2015, at a flat forward price of $1,497.00 per ounce.

Taken together, the Company's position totals 84,741 ounces at a weighted average forward price of $1,476.40 per ounce.

Norton was an early participant in the Western Australian Department of Mines and Petroleum's Mining Rehabilitation Fund and redeemed $21.800 million in environmental bonds.

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

Paddington operations

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

Norton transitioned to an Owner Operator model at the Paddington Operations by purchasing a mining fleet to replace the existing equipment hired from contractors.

The Company also approved, financed and commissioned the new Enterprise open pit mine in just 5 months, on time and on budget. Haulage of ore commenced from the Enterprise Mine signifying the first delivery from the Paddington Operations new base-load mine.

Paddington produced 172,739 ounces of gold (six months ended 31 December 2012: 70,173 ounces), its highest annual production since the acquisition of Paddington Operations in 2007.

Open cut

The Company's mining strategy remains focussed on large base-load open pit mines such as the new Enterprise operation, in combination with the high grade Homestead underground mine. Operations for the period ending 31 December 2013 focussed on pre-stripping the Stage 1 Enterprise open pit mine, the Green Gums and Golden Flag open pit mines and completing the Catherwood mine in May 2013 and the Navajo Chief mine in September 2013.

The Enterprise mine commenced operations on 2 May 2013 with pre-strip of the Stage 1 pit completed during the year. Ore production from Stage 1 commenced late in the year and will provide the base load mill feed for 2014 whilst pre-strip of the Stage 2 pit commences.

Green Gums and Golden Flag are smaller projects within the Mount Pleasant camp (18kms south-west of the Paddington Mill). The Green Gums pit provided 1,168,000 tonnes of ore for 50,239 ounces of gold in 2013 with mining due to be completed in the first quarter of 2014. Golden Flag was predominantly a pre-strip mining operation in 2013, with total production of 65,000 tonnes of ore for 2,029 ounces of gold. Golden Flag is expected to be completed in the first half of 2014.

Total material moved for the 2013 year was 12,636,000 bank cubic metres. Increased movement was as a result of the operation of the new owner mining fleet during 2013 and ramping up from two to three mining fleets.

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

Underground

The Homestead underground mine had an outstanding year. Development metres and total ore tonnes exceeded budget resulting in a record year for ounces of gold produced 67,024 ounces.

The mine grade was given a significant boost due to over performance of material from the Black Flag West Vein. The extra development metres and stoping tonnes allowed for the budgeted ore tonnes to be exceeded by almost 10%.

Cost reduction was the focus of 2013. The underground fleet transitioned to owner-mining and the maintenance contract was re-tendered, resulting in significant cost savings.

In 2014, underground exploration will recommence focussing on potential extensions to Black Flag West Vein. The Bullant underground mine (secured during the takeover of KMC) will also commence with a focus on additional resource definition drilling.

Processing

The Paddington Mill processed throughput during the year ended 31 December 2013 of 3.474 million tons (six months ended 31 December 2012: 1.600 million tons) at an average feed grade of 1.65 g/t (six months ended 31 December 2012: 1.41 g/t) and average recovery of 93.63% (six months ended 31 December 2012: 93.34%).

The ball mill feed head was successfully replaced in June 2013 with installation completed ahead of schedule and with no safety incidents. Early completion of the shutdown provided additional production time resulting in above forecast gold production in the second quarter 2013 and was a result of the careful planning and execution by the maintenance team and contractors.

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

Operating results

For the 12 months ended 31 December 2013, the Company achieved net profit after tax of $22,465,000 (six months ended 31 December 2012: net loss after tax of $22,519,000).

Gold revenues for the year of $258,918,000 (six months ended 31 December 2012: $113,713,000) as a result of increased production during the year. A total of 173,097 ounces were sold at average price of $1,496 per ounce (six months ended 31 December 2012: 70,173 ounces at average price of $1,621 per ounce).

C1 cash costs for the year of $960 per ounce (six months ended 31 December 2012: $1,316 per ounce). Cost reduction programs including transitioning to an owner-miner fleet and re-tendering of mobile maintenance contracts saw an improvement in both costs and efficiency. Across the business, costs have been reduced through a combination of changes in procurement and the use of alternate materials. Processing and maintenance costs have also been reduced. C2 production costs and C3 total costs have consistently reduced during the year. C2 production costs for the year of $1,198 per ounce (six months ended 31 December 2012: $1,660) and C3 total costs for the year of $1,248 per ounce (six months ended 31 December 2012: $1,709).

Gross profit for the year of $42,298,000 (six months ended 31 December 2012: gross loss of $8,549,000).

Net foreign exchange loss for the year of $12,126,000 (six month ended 31 December 2012: nil) due to the US dollar denominated loan and the depreciation of the Australian dollar.

Profit before tax for the year of $17,590,000 (six months ended 31 December 2012: loss before tax of $30,910,000).

Financial position

Net assets of the group have increased from $123,784,000 at 31 December 2012 to $157,986,000 at 31 December 2013, reflecting net profit for the year and the acquisition of Kalgoorlie Mining Company.

Cash and cash equivalents have increased from $19,018,000 at 31 December 2012 to $38,269,000 at 31 December 2013.

Business strategies and prospects

In the 12 months ended 31 December 2013 the Company produced 172,739 ounces (12 months ended 31 December 2012: 151,000 ounces) of gold from its Paddington Operations near Kalgoorlie, Western Australia.

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

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

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

Significant changes in the state of affairs

Other than noted, there were no significant changes in the state of affairs of the group.

Dividend

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

Significant events after the balance sheet date

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

Likely developments

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

Environmental regulation

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

National Greenhouse and Energy reporting guidelines

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

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

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

Energy Efficiency opportunities guidelines

The group is subject to the conditions imposed by the registration and reporting requirements of the *Energy Efficiency Opportunities Act 2006*, as its energy consumption exceeds the 0.5 peta joule registration threshold. The group is registered with the Department of Resources, Energy and Tourism and completed an energy savings action plan. The schedule assists in assessing the energy usage of the group and identifies opportunities for the group to reduce its energy consumption. The 2013 report was submitted by 31 December 2013 and is available on the Company's website.

Information on directors

J. Chen

Non-executive Chairman (age: 56)

Experience and expertise

Mr Chen graduated from Fuzhou University with a bachelor's degree in geology and obtained an EMBA degree. He is a professor grade senior engineer, a specialist who enjoys special allowance from the State Counsel, a delegate to the 12th People's Congress of Fujian Province and the vice president of China Gold Association. Mr Chen has been the chairman of Zijin since 1999. From August 2006 to November 2009, he also served as the president of Zijin.

Directorships of other listed companies – current

Zijin Mining Group Co., Ltd

Directorships of other listed companies – past three years

None

Special responsibilities

Chairman

Member of Remuneration Committee

Interests in shares and options

None

Dr D. Chen

Managing Director and Chief Executive Officer (age: 56)

Experience and expertise

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

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

Directorships of other listed companies – current

Pluton Resources Ltd

Directorships of other listed companies – past three years

Sherwin Iron Limited

Special responsibilities

Managing Director and Chief Executive Officer

Interests in shares and options

8,000,000 unlisted options exercisable at $0.241 each on or before 22 August 2017

1,726,043 ordinary shares

A. Bi

Non-executive director (age: 49)

Experience and expertise

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

Ms Bi is a successful company director and entrepreneur with more than 20 years' experience in investment and business. Over the last six years, Ms Bi has been involved in the development of commercial and residential property projects in Australia in excess of $300 million, in addition to being involved in a series of cornerstone investments in the resources sector— including Norton Gold Fields. Ms Bi has extensive philanthropic interests.

Directorships of other listed companies – current

None

Directorships of other listed companies – past three years

None

Special responsibilities

Member of Audit and Risk Management Committee (appointed on 20 February 2014)

Member of Remuneration Committee (appointed on 20 February 2014)

Interests in shares and options

None

Dr N. White

Non-executive director (appointed on 18 March 2013) (age: 66)

Experience and expertise

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

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

Directorships of other listed companies – current

None

Directorships of other listed companies – past three years

None

Special responsibilities

Chairman of Audit and Risk Management Committee (appointed on 18 March 2013)

Chairman of Remuneration Committee (appointed on 18 March 2013)

Interests in shares and options

None

X. Cai

Non-executive director (appointed on 18 March 2013) (age: 37)

Experience and expertise

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

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

Directorships of other listed companies – current

None

Directorships of other listed companies – past three years

None

Special responsibilities

Member of Audit and Risk Management Committee (appointed on 18 March 2013)

Interests in shares and options

None

A. Prowse

Non-executive director (retired on 1 February 2013) (age: 56)

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

None

Directorships of other listed companies – past three years

Australian Pacific Coal Limited from 1 December 2010 until 29 June 2011

Special responsibilities

Member of Audit and Risk Management Committee (resigned on 1 February 2013)

Chairman of Remuneration Committee (resigned on 1 February 2013)

Interests in shares and options

Resigned effective 1 February 2013 and his shareholding is no longer disclosed

H. Xu

Non-executive director (resigned on 1 July 2013) (age: 60)

Experience and expertise

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

Directorships of other listed companies – current

None

Directorships of other listed companies – past three years

Bligh Resources Ltd from 14 March 2011 until 30 June 2013

Admiralty Resources NL from 2 August 2012 until 18 June 2013

Special responsibilities

Chairman of Audit and Risk Management Committee (resigned on 1 July 2013)

Member of Remuneration Committee (resigned on 1 July 2013)

Interests in shares and options

None

Company Secretary

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

Ms Leni Stanley CA, B. Com was joint Company Secretary until her resignation on 31 May 2013. Ms Stanley is currently a partner with a Chartered Accounting firm and holds the office of company secretary with various companies.

Meetings of directors

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

Name of Director	Board Meetings		Audit and Risk Management Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
J.Chen	8	7	–	–	1	1
Dr D.Chen	9	9	–	–	–	–
A.Bi	9	8	1	1	–	–
Dr N.White	7	7	2	2	1	1
X.Cai	7	7	2	2	–	–
A.Prowse	1	1	–	–	–	–
H.Xu	5	4	1	1	1	1

Share options

At the May 2013 Annual General Meeting, the shareholders approved 8,000,000 share options that were granted to the executive director on 22 August 2012. At the date of this report, there are 8,000,000 unissued ordinary shares of the Company under the share option plan.

Indemnification of directors and officers

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

At the date of this report no amounts have been paid in relation to the indemnity of any director or officer of the Company. The Company does not provide an indemnity to any auditor.

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

Proceedings on behalf of the Company

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

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

Non-audit services

Details of the amount paid or payable to Ernst & Young, the Company's auditor for audit and non-audit services provided during the year are set out in Note 27 to the consolidated financial statements.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 46.

Rounding of amounts

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

This remuneration report for the year ended 31 December 2013 outlines the remuneration arrangement for the group in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its regulations. This information has been audited as required by section 308 (3C) of the Act.

The remuneration report is presented under the following sections:

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

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

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

Key management personnel

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

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

Non-executive directors

J. Chen	Chairman (non-executive)
A. Bi	Director (non-executive)
Dr N. White	Director (non-executive) – appointed on 18 March 2013
X. Cai	Director (non-executive) – appointed on 18 March 2013
A. Prowse	Director (non-executive) – retired on 1 February 2013
H. Xu	Director (non-executive) – resigned on 1 July 2013

Executive director

Dr D. Chen	Managing Director and Chief Executive Officer

Executives

S. Phan	Chief Financial Officer
R. Jones	General Counsel and Company Secretary
C. Winn	General Manager – Paddington Operations
T. Moylan	General Manager – Project and Business Development
P. Ruzicka	General Manager – Geology
G. Simpson	General Manager – Technical Services – appointed on 7 January 2013

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

Executive director and executives' remuneration

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

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

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

Performance linked compensation

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

Short-term incentive

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

The performance conditions under the 2013 STI comprise group performance measures and personal performance measures. The group performance measures relate to earnings, gold production, operating cash cost and safety. These measures have been selected as they can be reliably measured and are key drivers of value for shareholders.

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

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

Long-term incentive

The Board approved the current long-term incentive plan in 2013. The plan offers annual deferred performance units, which are settled in cash based upon the Company's share price at the redemption date, to key personnel provided they remain in employment with the group. Each performance unit will vest in three tranches over a three-year period.

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

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

Remuneration consultants

The Company did not engage remuneration consultants during the year ended 31 December 2013.

Group performance and the link to remuneration

Performance in respect of the current year and the previous four years is detailed in the table below. A special dividend of 2 cents per share in connection with the off-market takeover made by Jinyu (H.K.) International Mining Company Limited was declared on 3 August 2012. There were no other dividends paid by the Company or returns of capital in the last five years.

REMUNERATION REPORT (AUDITED) (CONTINUED)

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONTINUED)

		2010	2011	2012	31 December 2012*	31 December 2013
Closing share price	$ per share	0.16	0.14	0.24	0.19	0.14
Revenue	$'000	177,416	211,685	245,912	114,079	259,677
Net profit/(loss) after tax	$'000	(32,837)***	13,142***	8,946***	(22,519)**	22,465

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

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

	Short-term incentive cash bonuses		Long-term incentive performance units	
	Percentage awarded	Percentage forfeited (A)	Percentage awarded	Percentage forfeited (A)
Executive director				
Dr D.Chen	100%	0%	100%	0%
Executives				
S.Phan	99%	1%	99%	1%
R.Jones	99%	1%	99%	1%
T.Moylan	100%	0%	100%	0%
P.Ruzicka	99%	1%	99%	1%
C.Winn	100%	0%	100%	0%
G.Simpson	100%	0%	100%	0%

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

Non-executive remuneration policies

The current maximum amount of non-executives' fees is fixed at $500,000 per annum which was approved by shareholders at the Company's Annual General Meeting on 22 May 2013. The Board determines, from time to time, the remuneration of non-executive directors. In each case the Board considers the director's responsibilities, the size and scope of the Company's activities and benchmarks with relevant organisations.

The directors are not entitled to any retirement benefits except those as provided by the superannuation guarantee scheme, which is currently at 9.25%.

B. Details of remuneration

Remuneration details of each director (non-executive and executive) and other key management personnel of the Company and the group, including the nature and amount of the elements of their remuneration for the year ended 31 December 2013 are provided in the table below.

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

[1] Dr N.White and Ms X.Cai were appointed to the Board on 18 March 2013.

[2] Mr A.Prowse retired as a non-executive director on 1 February 2013.

[3] Mr H.Xu resigned as a non-executive director on 1 July 2013.

[4] Mr G.Simpson met the definition of a key management person on his appointment as General Manager – Technical Services on 7 January 2013.

[5] Cash bonuses were granted on 31 January 2014 and paid on 15 February 2014.

[6] 7.86% of Dr Chen's remuneration package comprised of share options.

REMUNERATION REPORT (AUDITED) (CONTINUED)

B. DETAILS OF REMUNERATION (CONTINUED)

	Short-term benefits				Post-employment benefits	Long-term benefits		Share-based payments				
6 months ended 31 December 2012	Directors' fees $	Salary/ consulting fees $	Cash bonuses $	Non-monetary benefits $	Super-annuation $	Long service leave $	Termination $	Equity-settled shares $	Equity-settled options $	Total $	Performance related %	Value of options, rights and cash-settled performance units as proportion of remuneration %
Non-executive directors												
J.Chen[1]	38,333	–	–	–	–	–	–	–	–	38,333	–	–
A.Prowse	35,627	–	–	–	3,206	–	–	–	–	38,833	–	–
A.Bi	30,000	–	–	–	2,700	–	–	–	–	32,700	–	–
A.Wu[2]	5,484	–	–	–	–	–	–	–	–	5,484	–	–
H.Xu[1]	21,800	–	–	–	–	–	–	–	–	21,800	–	–
X.Zeng[2]	5,484	–	–	–	–	–	–	–	–	5,484	–	–
	136,728	–	–	–	5,906	–	–	–	–	142,634		
Executive directors												
Dr D.Chen[1]	–	156,476	45,000	1,768	6,567	–	–	–	–	209,811	21.45	–
A.Labuschagne[3]	–	68,975	–	3,619	17,615	(7,758)	476,426	–	–	558,877	–	–
Executives												
S.Phan[4]	–	16,961	11,000	–	1,373	–	–	–	–	29,334	37.50	–
R.Jones[5]	–	20,192	–	–	1,588	–	–	–	–	21,780	–	–
T.Moylan	–	177,271	62,674	6,230	8,235	–	–	21,680	–	276,090	30.55	7.85
P.Ruzicka	–	140,403	26,000	3,915	8,235	–	–	–	–	178,553	14.56	–
C.Winn[6]	–	96,463	58,449	2,003	5,490	–	–	–	–	162,405	35.99	–
D.Heerden[7]	–	72,716	10,000	1,035	4,561	–	–	–	–	88,312	11.32	–
R.Brainsbury[7]	–	50,588	–	1,427	12,455	–	159,553	–	–	224,023	–	–
I.Sheppard[7]	–	53,467	–	1,422	2,745	–	–	–	(107,186)	(49,552)	–	–
Total compensation	136,728	853,512	213,123	21,419	74,770	(7,758)	635,979	21,680	(107,186)	1,842,267		

[1] Mr J.Chen was appointed non-executive Chairman, Dr D.Chen and Mr H.Xu were appointed non-executive directors on 3 August 2012. Dr D.Chen was subsequently appointed Managing Director on 21 August 2012.

[2] Mr A.Wu and X.Zeng resigned as non-executive directors on 3 August 2012.

[3] Mr A.Labuschagne resigned as Managing Director on 3 August 2012 and resigned as Chief Executive Officer on 21 August 2012.

[4] Mr S.Phan was appointed Chief Financial Officer on 3 December 2012.

[5] Mr R.Jones was appointed General Counsel and Joint Company Secretary on 26 November 2012.

[6] Mr C.Winn was appointed General Manager effective 1 September 2012.

[7] Ms D.Heerden was appointed acting Chief Financial Officer from 21 August 2012 to 3 December 2012. Mr R.Brainsbury resigned as Chief Financial Officer on 21 August 2012 and Mr I.Sheppard resigned on 31 August 2012.

C. Service agreements

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

J.Chen

Non-executive director

Base fee of $115,000 per annum (inclusive of superannuation).

A.Bi

Non-executive director

Base fee of $60,000 per annum (inclusive of superannuation).

Dr N.White

Non-executive director (appointed on 18 March 2013)

Base fee of $60,000 per annum (inclusive of superannuation).

X.Cai

Non-executive director (appointed on18 March 2013)

Base fee of $60,000 per annum (inclusive of superannuation).

A.Prowse

Non-executive director (retired on 1 February 2013)

Base fee of $60,000 per annum (inclusive of superannuation).

H.Xu

Non-executive director (resigned on 1 July 2013)

Base fee of $60,000 per annum (inclusive of superannuation).

Dr D.Chen

Managing Director and Chief Executive Officer

Salary:	Base salary package of $456,502 per annum (inclusive of superannuation).
Term:	Five years and four months commencing on 22 August 2012.
Termination:	Benefit on early termination by the Company, other than for due cause, equal to six months of annual base pay.
Share-based:	8,000,000 share options, at an exercise price of $0.241, vesting upon VWAP5* reaching $0.30 at any time after the share options are issued, expiring on 22 August 2017. Options to be issued in three tranches (refer to Section D Share-based Compensation for details), subject to the executive remaining an employee of the group. The granting of these share options was approved by the shareholders at the Annual General Meeting of the Company on 22 May 2013. *VWAP5 means five consecutive business days volume weighted average trading price per share on the ASX.

REMUNERATION REPORT (AUDITED) (CONTINUED)

C. SERVICE AGREEMENTS (CONTINUED)

S.Phan

Chief Financial Officer

Salary: Base salary package of $227,252 per annum (inclusive of superannuation).
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to three months of salary.

R.Jones

General Counsel and Company Secretary

Salary: Base salary package of $233,642 per annum (inclusive of superannuation).
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to three months of salary.

T.Moylan

General Manager – Project and Business Development

Salary: Base salary package of $330,245 per annum (inclusive of superannuation).
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to one month of salary.
Share-based: 700,000 ordinary shares vesting after 12 months of employment.*
600,000 ordinary shares vesting after the convertible note issuer conversion right is exercisable on the convertible notes.*
700,000 ordinary shares vesting when the VWAP5** reaches $0.70.***
The fair value per share at date of grant (10 March 2010) was $0.205.

* These share-based arrangements were vested in prior reporting periods.

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

*** This share-based arrangement lapsed in June 2013 and all these shares were forfeited.

P.Ruzicka

General Manager – Geology and Exploration

Salary: Base salary package of $299,722 per annum (inclusive of superannuation).
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to one month of salary.

C.Winn

General Manager – Paddington Operations

Salary: Base salary package of $330,211 per annum (inclusive of superannuation).
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to one month of salary.

G.Simpson

General Manager – Technical Services

Salary: Base salary package of $296,304 per annum (inclusive of superannuation).
Term: No fixed term.
Termination: Benefit on early termination by the Company, other than for due cause, equal to one month of salary.

D. Share-based compensation

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

Share options granted as compensation to key management personnel during the reporting year are as follows:

	Number of share options granted during the year	Grant date	Fair value per option ($)	Expiry date	Exercise price per option ($)	Value of options granted during the year ($)	Number of options vested during the year
Executive director							
Dr D.Chen	8,000,000	21 August 2012	0.029	22 Aug 2017	0.241	231,999	–

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

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

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

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

REMUNERATION REPORT (AUDITED) (CONTINUED)
D. SHARE-BASED COMPENSATION (CONTINUED)

Cash-settled performance units of key management personnel – granted as compensation

Cash-settled annual deferred performance units granted as compensation to key management personnel during the reporting year are as follows:

	Number of performance units granted during the year	Grant date	Vesting date	Fair value per unit at grant date* ($)	Total fair value at grant date ($)	Liability for performance units granted(i) ($)
Executive director						
Dr D.Chen	403,285	31 Dec 2013	31 Dec 2013	0.14	56,460	56,460
	302,464	31 Dec 2013	28 Feb 2015	0.14	42,345	21,172
	302,464	31 Dec 2013	28 Feb 2016	0.14	42,345	14,115
Executives						
S.Phan	81,019	31 Dec 2013	31 Dec 2013	0.14	11,343	11,343
	60,764	31 Dec 2013	28 Feb 2015	0.14	8,507	4,254
	60,764	31 Dec 2013	28 Feb 2016	0.14	8,507	2,836
R.Jones	82,139	31 Dec 2013	31 Dec 2013	0.14	11,500	11,499
	61,604	31 Dec 2013	28 Feb 2015	0.14	8,625	4,312
	61,604	31 Dec 2013	28 Feb 2016	0.14	8,625	2,875
T.Moylan	117,907	31 Dec 2013	31 Dec 2013	0.14	16,507	16,507
	88,430	31 Dec 2013	28 Feb 2015	0.14	12,380	6,190
	88,430	31 Dec 2013	28 Feb 2016	0.14	12,380	4,127
P.Ruzicka	98,622	31 Dec 2013	31 Dec 2013	0.14	13,807	13,807
	73,966	31 Dec 2013	28 Feb 2015	0.14	10,355	5,178
	73,966	31 Dec 2013	28 Feb 2016	0.14	10,355	3,452
C.Winn	134,244	31 Dec 2013	31 Dec 2013	0.14	18,794	18,794
	100,683	31 Dec 2013	28 Feb 2015	0.14	14,096	7,048
	100,683	31 Dec 2013	28 Feb 2016	0.14	14,096	4,699
G.Simpson	104,543	31 Dec 2013	31 Dec 2013	0.14	14,636	14,636
	78,407	31 Dec 2013	28 Feb 2015	0.14	10,977	5,488
	78,407	31 Dec 2013	28 Feb 2016	0.14	10,977	3,659

* The fair value is measured by reference to the Company's share price on grant date.
(i) These amounts represent the closing balance of liabilities for cash performance units in 2013.

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

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

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

Dr D.Chen
Executive Director
Perth, 27 March 2014

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

In relation to our audit of the financial report of Norton Gold Fields Limited for the financial year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Robert Kirkby
Partner
27 March 2014

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

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

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

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

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

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

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

Principle 1: Lay solid foundations for management and oversight

Principle 2: Structure the board to add value

Principle 3: Promote ethical and responsible decision-making

Principle 4: Safeguard integrity in financial reporting

Principle 5: Make timely and balanced disclosure

Principle 6: Respect the rights of shareholders

Principle 7: Recognise and manage risk

Principle 8: Remunerate fairly and responsibly

Principle 1: Lay solid foundations for management and oversight

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

Recommendations and response:

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

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

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

The Board's functions encompass:

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

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

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

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

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

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

Performance objectives and business plans for the Company are set at least annually and refreshed each quarter in line with Norton's business strategy. The Board monitors performance against plan and on this basis monitors and assesses the performance of the Managing Director.

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

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

Performance evaluation of senior executives has taken place in the financial year and is in accordance with the process as set out in R1.1 and R1.2 above. The Company's Board Charter is available from the Corporate Governance section of its website.

Principle 2: Structure the board to add value

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

Recommendations and response:

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

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

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

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

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

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

Following these considerations, the majority of directors on the Board did not meet the ASX definition of independence during the period to 31 December 2013. Dr N.White, who was appointed on 18 March 2013, is currently the only independent non-executive director following the retirement of Mr A.Prowse as a director on 1 February 2013.

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

Director	Position	Independent	Reason
J.Chen	Non-executive Chairman	No	Mr Chen is not considered independent as he is employed by Zijin Mining Group Co., Ltd a substantial shareholder in the Company.
Dr D.Chen	Executive director	No	Dr Chen was appointed in the role of Managing Director on 21 August 2012.
A.Bi	Non-executive director	No	Ms Bi is not considered independent as she is directly associated with Goldmax Asia Investment Limited, a substantial shareholder in the Company.
Dr N.White	Non-executive director	Yes	Dr White is free of any relationship that could, or could be seen to materially interfere with the exercise of judgment.
X.Cai	Non-executive director	No	Ms Cai is not considered independent as she is employed by Zijin Mining Group Co., Ltd a substantial shareholder in the Company.
Former Directors			
A.Prowse	Non-executive director (retired on 1 February 2013)	No	Mr Prowse was previously employed by the Company in an executive capacity as technical director and there has not been a period of at least three years between Mr Prowse ceasing employment and serving on the Board.
H.Xu	Non-executive director (resigned on 1 July 2013)	Yes	Mr Xu is free of any relationship that could, or could be seen to materially interfere with the independent exercise of judgment.

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

- Having regard for the size of Goldmax Asia Investments Limited's and Zijin Mining Group Co., Ltd's investments and the absence of any other relationships with the Company, the Board believes that the interests of these shareholders are independent of management and are aligned with those of all shareholders.
- The Board Protocol (available on the Company's website) sets out how actual or potential conflicts of interests are to be dealt with.

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

R2.2 The chairman should be an independent director.

Mr J.Chen is not considered to be independent as he is employed by Zijin Mining Group Co., Ltd a substantial shareholder in the Company. Zijin Mining Group Co., Ltd is the ultimate parent entity and ultimate controlling party which at 31 December 2013 owned 82.43% of the issued ordinary shares of Norton Gold Fields Limited through its wholly owned subsidiary Jinyu (H.K) International Mining Company Limited. The Board is of the view that shareholder interests are best served by a Chairman who is sanctioned by shareholders and who will act in the best interests of shareholders as a whole. As the Chairman represents a very significant relevant interest in the Company, the Board considers that he is well placed to act on behalf of shareholders and in their best interests.

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

The role of chairperson and the managing director are not exercised by the same individual. During the reporting period the role of chairperson was exercised by Mr J.Chen and the role of managing director was exercised by Dr D.Chen.

R2.4 The board should establish a nominations committee.

The Board itself acts as the nominations committee rather than having a separate committee constituted for that purpose. The directors believe that this is appropriate in light of the size of the Board and the particular circumstances of the Company. The Board Nomination Charter is available on the Company's website.

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

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

The Board does not have a formal process for evaluating the performance of the Board, its committees and the individual non-executive directors.

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

The Company Secretary is accountable to the Board, through the chairman, on all governance matters.

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

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

The directors and management sections of the Company's website and the directors' report sets out:

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

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

Departures from recommendations R2.1, R2.2, R2.4 and R2.5 are explained above.

Principle 3: Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

Recommendations and response:

R3.1 Establish a code of conduct and disclose the code or summary of the code as to:

- **the practices necessary to maintain confidence in the Company's integrity**
- **the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

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

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

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

R3.2 Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

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

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

The Company's diversity policy is available under the corporate governance section of the Company's website.

R 3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Measurable objectives for achieving gender diversity in accordance with the diversity policy have not yet been determined, but are to be set by the Board commencing in the financial year ending 31 December 2014. The Board will review the effectiveness and relevance of these measurable objectives on an annual basis. The Company's diversity policy requires that the measurable objectives identify ways, and where applicable, specify benchmarks against which the achievement of diversity is measured in order for the Board to assess and report annually on Norton's progress towards achieving its diversity goals.

R 3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Workplace Profile – 31 December 2013

	Women	Men	Women %	Men %
Board	2	3	40%	60%
Executive Management	-	6	-	100%
Operational	63	291	18%	82%
Total	65	300		

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

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

Principle 4: Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Recommendations and response:

R4.1 The board should establish an audit committee.

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

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

The ultimate responsibility for the integrity of the Company's financial reporting rests with the Board.

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

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

The composition of the Audit and Risk Management Committee changed during the reporting period. The members of the Audit and Risk Management Committee during the reporting period were:

From 1 January 2013 to 1 February 2013:
Mr A.Prowse (Chairman)
Ms A.Bi
Mr H.Xu

From 2 February 2013 to 17 March 2013:
Mr H.Xu (Chairman)
Ms A.Bi

From 18 March 2013 to 1 July 2013:
Mr H.Xu (Chairman)
Dr N.White
Ms X.Cai

From 2 July 2013 to 31December 2013:
Dr N.White (Chairman)
Ms X.Cai

Mr Prowse, Ms Bi and Ms Cai did not meet the ASX test of independence; however, none of Mr Prowse, Mr Xu and Dr White acted as Chairman of the Board and of the Audit and Risk Management Committee during the reporting period. Details of the experience, qualifications and attendance at committee meetings for each member of the committee are presented in the directors' report. Dr White, who was appointed on 18 March 2013, is currently the only independent non-executive director following the retirement of Mr Prowse as a director on 1 February 2013.

During the reporting period, the Company did not comply with R4.2 as the majority of the Audit and Risk Management Committee were not independent. The committee has, and had less than three members for some parts of the reporting period, but this had been rectified by the Board subsequent to 31 December 2013 by appointing Ms Bi as a member to the Audit and Risk Management Committee.

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

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

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

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

The committee reports to the Board on the following:

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

The Audit and Risk Management Committee charter describes the authority, role and responsibility of the committee and outlines the composition and frequency of annual meetings.

The Audit and Risk Management Committee charter is available under the corporate governance section of the Company's website.

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

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

Principle 5: Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the Company.

Recommendations and response:

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

Norton has a continuous disclosure policy which sets out the key obligations of the Company's directors, employees and consultants and is designed to meet its compliance obligations under the ASX Listing Rules and the *Corporations Act 2001*.

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

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

Principle 6: Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendations and response:

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

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

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

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

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. The website also enables users to provide feedback and has an option for shareholders to register their email address for direct email updates on Company matters.

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

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

Information related to Principle 6 is presented above.

Principle 7: Recognise and manage risk

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

Recommendations and response:

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

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

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

This function is assisted by the Audit and Risk Management Committee. The Audit and Risk Management Committee charter is available under the corporate governance section of the Company's website.

R7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

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

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

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

The Board requires the Managing Director and Chief Financial Officer to confirm in writing that declarations provided in accordance with section 295A of the *Corporations Act 2001* are founded on a sound system of risk management and internal control and that the system is operating effectively.

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

Information related to Principle 7 is presented above.

Principle 8: Remunerate fairly and responsibly

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

Recommendations and response:

R8.1 The board should establish a remuneration committee.

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

A remuneration charter which sets out the responsibilities of the Remuneration Committee has been approved by the Board and is available on the Company's website under the corporate governance section.

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

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

The members of the Remuneration Committee during the reporting period were:

From 1 January 2013 to 1 February 2013:
Mr A.Prowse (Chairman)
Mr J.Chen
Mr H.Xu

From 2 February 2013 to 17 March 2013:
Mr H.Xu (Chairman)
Mr J.Chen

From 18 March 2013 to 1July 2013:
Mr H.Xu (Chairman)
Dr N.White
Mr J.Chen

From 2 July 2013 to 31 December 2013:
Dr N.White (Chairman)
Mr J.Chen

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

During the reporting period, the Company did not comply with R8.2 as the majority of the Remuneration Committee are not independent. Mr Chen is the Chairman of the Board. Dr White, who was appointed on 18 March 2013, is currently the only independent non-executive director following the retirement of Mr Xu as a director on 1 July 2013. The committee has, and had less than three members during the reporting period but this has been rectified by the Board subsequent to 31 December 2013 by appointing Ms Bi as a member to the Remuneration Committee.

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

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

Non-executive director's remuneration

Total remuneration paid to non-executive directors may not exceed the limit set by shareholders at the annual general meeting (currently $500,000). The remuneration of the non-executive directors is fixed rather than variable. There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

Executive director's and senior executives' remuneration

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

It is the Company's policy to prohibit directors and senior executives from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under the Company's equity-based remuneration schemes. The remuneration structure for directors and senior executives is reported in the remuneration section of the Company's directors' report.

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

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

General information

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

Norton Gold Fields Limited ("Norton" or "the Company") is a Company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is:

Level 36 Exchange Plaza
2 The Esplanade
Perth
WA 6000

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

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 27 March 2014.

Consolidated statement of comprehensive income

For the year ended 31 December 2013

	Notes	12 months to 31 December 2013 $'000	Restated* 6 months to 31 December 2012 $'000
Revenue	4	259,677	114,079
Cost of sales	5	(217,379)	(122,628)
Gross profit/(loss)		**42,298**	**(8,549)**
Administrative expenses	6	(9,976)	(5,148)
Impairment of inventory		–	(11,033)
Other income	7	678	356
Profit/(loss) before net finance costs		**33,000**	**(24,374)**
Finance income	9	1,548	1,335
Finance costs	9	(16,958)	(7,872)
Profit/(loss) before tax		**17,590**	**(30,910)**
Income tax benefit	10	4,875	8,391
Profit/(loss) for the year attributable to the owners of the Company		**22,465**	**(22,519)**
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year attributable to owners of the Company		**22,465**	**(22,519)**
Earnings per share		Cents	Cents
Basic earnings/(loss) per share	37	2.52	(2.62)
Diluted earnings/(loss) per share	37	2.52	(2.62)

* Certain amounts shown here do not correspond to the 2012 consolidated financial statements and reflect adjustments made as detailed in Note 1(a).

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

Consolidated statement of financial position

As at 31 December 2013

	Notes	31 December 2013 $'000	Restated* 31 December 2012 $'000	Restated* 1 July 2012 $'000
Assets				
Current assets				
Cash and cash equivalents	11	38,269	19,018	55,891
Trade and other receivables	12	10,359	11,098	5,770
Inventories	13	32,107	21,336	35,900
Other assets	14	–	9,798	9,337
Prepayments		408	2,371	690
Total current assets		81,143	63,621	107,588
Non-current assets				
Deferred tax assets	15	14,853	9,978	1,587
Exploration and evaluation assets	16	60,241	74,801	71,210
Capitalised mining costs	17	92,596	37,235	35,010
Property, plant and equipment	18	98,757	29,465	28,112
Other assets	14	3,675	20,882	19,737
Total non-current assets		270,122	172,361	155,656
Total assets		351,265	235,982	263,244
Liabilities				
Current liabilities				
Trade and other payables	19	29,664	33,592	32,837
Borrowings	20	17,017	38,000	3,738
Provisions	21	6,425	5,141	2,425
Other financial liability	22	175	–	–
Other liability	23	236	–	–
Total current liabilities		53,517	76,733	39,000
Non-current liabilities				
Borrowings	20	113,335	11,568	40,808
Provisions	21	26,279	23,897	22,231
Other liability	23	148	–	–
Total non-current liabilities		139,762	35,465	63,039
Total liabilities		193,279	112,198	102,039
Net assets		**157,986**	**123,784**	**161,205**
Equity				
Contributed equity	24	186,841	176,652	174,252
Reserves	25	12,041	10,493	10,564
Accumulated losses		(40,896)	(63,361)	(23,611)
Total equity		**157,986**	**123,784**	**161,205**

* Certain amounts shown here do not correspond to the 2012 consolidated financial statements and reflect adjustments made as detailed in Note 1(a).

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

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Contributed equity $'000	Option reserve $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2013	**176,652**	**–**	**10,493**	**(63,361)**	**123,784**
Comprehensive income – Profit for the year	–	–	–	22,465	22,465
Total comprehensive income for the year	–	–	–	22,465	22,465
Transactions with owners in their capacity as owners					
Share issued during the year	10,189	–	–	–	10,189
Options issued arising from takeover of KMC	–	1,463	–	–	1,463
Share-based payments	–	–	85	–	85
At 31 December 2013	**186,841**	**1,463**	**10,578**	**(40,896)**	**157,986**
At 1 July 2012 (as previously stated)	**174,252**	**–**	**10,564**	**(20,729)**	**164,087**
Changes in accounting policy (see Note 1(a))	–	–	–	(2,882)	(2,882)
At 1 July 2012 (restated*)	**174,252**	**–**	**10,564**	**(23,611)**	**161,205**
Comprehensive income – Loss for the period	–	–	–	(22,519)	(22,519)
Total comprehensive income for the period	–	–	–	(22,519)	(22,519)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs and deferred tax	2,400	–	–	–	2,400
Share-based payments	–	–	(71)	–	(71)
Dividends paid**	–	–	–	(17,231)	(17,231)
At 31 December 2012 (restated*)	**176,652**	**–**	**10,493**	**(63,361)**	**123,784**

* Certain amounts shown here do not correspond to the 2012 consolidated financial statements and reflect adjustments made as detailed in Note 1(a).

** A special unfranked dividend of 2 cents per share in connection with the off market takeover by Jinyu (H.K.) International Mining Company Limited was paid on 24 August 2012.

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

Consolidated statement of cash flows

For the year ended 31 December 2013

	Notes	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Cash flows from operating activities			
Receipts in the course of operations		263,212	118,826
Payments in the course of operations		(194,478)	(104,089)
Interest received		1,513	1,200
Interest and borrowing costs paid		(4,805)	(6,001)
Other receipts		1,736	356
Net cash provided by operating activities	36	67,178	10,292
Cash flows from investing activities			
Net cash acquired on acquisition of subsidiaries	39	24	–
Payments for plant and equipment		(74,105)	(2,623)
Proceeds on disposal of exploration assets		10,030	–
Payments for exploration and mine development costs		(67,912)	(30,615)
Payments for investment in term deposits		(2,347)	–
Refund of/(payment for) security deposits		18,238	(1,145)
Net cash used in investing activities		(116,072)	(34,383)
Cash flows from financing activities			
Proceeds from issue of shares		–	2,400
Proceeds from borrowings		105,888	49,568
Repayment of borrowings		(38,000)	(47,518)
Payments for finance lease liabilities		(37)	–
Dividends paid		–	(17,232)
Net cash generated from/(used in) financing activities		67,851	(12,782)
Net increase/(decrease) in cash and cash equivalents		18,957	(36,873)
Cash and cash equivalents at the beginning of the year/period		19,018	55,891
Effect of foreign exchange rate fluctuations on cash held		294	–
Cash and cash equivalents at the end of the year/period	11	**38,269**	**19,018**

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

1. Summary of significant accounting policies

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Norton Gold Fields Limited is a for-profit entity for the purpose of preparing the consolidated financial statements.

The consolidated financial statements are presented in Australian dollars.

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

(i) Compliance with IFRSs

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

(ii) Historical cost convention

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

(iii) Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(iv) Comparative figures

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement or a reclassification of items in financial statements that has a material impact on the group. An additional statement of financial position as at 1 July 2012 is presented in these consolidated financial statements due to retrospective application of Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, refer to Note 1(a)(v).

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

(v) New and amended standards and interpretations

The group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2013:

- AASB 10 *Consolidated Financial Statements,* AASB 127 *Separate Financial Statements*
- AASB 11 *Joint Arrangements*, AASB 128 *Investments in Associates and Joint Ventures*
- AASB 12 *Disclosure of Interest in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits (Revised 2011)*
- Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

The adoption of the standards of interpretations is described below:

- AASB 10 *Consolidated Financial Statements*, AASB 127 *Separate Financial Statements*
- AASB 11 *Joint Arrangements*, AASB 128 *Investments in Associates and Joint Ventures*
- AASB 12 *Disclosure of Interest in Other Entities*

None of these new standards affected any of the amounts recognised in the current financial year or any prior periods. New requirements of AASB 10 and AASB 127 are reflected in the accounting policy note—see Note 1(b). Additional disclosures set out in AASB 12 are provided in Note 34.

- AASB 13 *Fair Value Measurement*

Application of AASB 13 has not materially impacted the fair value measurements of the group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 28.

- AASB 119 *Employee Benefits (Revised 2011)*

AASB 119 (Revised 2011) changes the accounting for defined benefit plans and the definition of short-term employee benefits. The amounts recognised in the current year or any prior periods have not been materially impacted from the changes introduced by AASB 119 (Revised 2011).

- Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

Refer to Note 1(a)(vi) below for details.

(vi) Changes in accounting policy

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

Interpretation 20 clarifies that cost of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a surface mine must be capitalised as inventories under AASB 102 *Inventories* if benefits from the stripping activity are realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current stripping activity asset if the recognition criteria are met:

(a) It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;

(b) The entity can identify the component of the ore body for which access has been improved; and

(c) The costs relating to the stripping activity associated with that component can be measured reliably.

In such cases, the stripping activity asset must be accounted for as an addition to, or enhancement of, an existing asset. Initially, the stripping activity asset is recognised at cost. Subsequently, it is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity using the units of production method.

Interpretation 20 is to be applied to production stripping cost incurred on or after the earliest comparable period presented. As such, the earliest period of adoption for the consolidated financial statements at 31 December 2013 is 1 July 2012. If there was no identifiable component of the ore body to which the predecessor asset related, it was written off via opening accumulated losses at 1 July 2012. The group's new policy is set out at Note 1(p).

Under the group's previous accounting policy, stripping costs incurred in open pit operations during the production phase to remove additional waste were either capitalised to mine development costs or charged to operating costs on the basis of the average life of mine stripping ratio. The cost of stripping in any period reflected the average stripping rates for the ore body as a whole.

As at 1 July 2012, there was as a deferred stripping balance of $4,118,000, which related to the Navajo Chief pit which had been mined in stages. In applying the requirements of Interpretation 20, the group determined that the entire deferred stripping balance was related to components of the ore body that had been extracted. Therefore, the entire opening deferred stripping balance has been written off via opening accumulated losses (see adjustments below).

	6 months to 31 December 2012		
	Previous Policy	Adjustment	Restated
Consolidated statement of comprehensive income	$'000	$'000	$'000
Cost of sales	(120,662)	(1,966)	(122,628)
Profit/(loss) for the period	(21,143)	(1,376)	(22,519)
Total comprehensive income/(loss) for the period	(21,143)	(1,376)	(22,519)
	Cents	Cents	Cents
Basic and diluted earnings/(loss) per share	(2.50)	(0.12)	(2.62)

It is not practicable to calculate the impact for the year ended 31 December 2013.

	31 December 2012			1 July 2012		
	Previous Policy	Adjustment	Restated	Previous Policy	Adjustment	Restated
Consolidated statement of financial position	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets						
Deferred tax assets	8,153	1,825	9,978	352	1,235	1,587
Capitalised mining costs	43,318	(6,083)	37,235	39,128	(4,118)	35,010
Net assets	**128,042**	**(4,258)**	**123,784**	**164,088**	**(2,883)**	**161,205**
Accumulated losses	(59,103)	(4,258)	(63,361)	(20,728)	(2,883)	(23,611)
Total equity	**128,042**	**(4,258)**	**123,784**	**164,088**	**(2,883)**	**161,205**

(b) Principles of consolidation

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

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

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

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

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

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

(c) Segment reporting

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

(d) Foreign currency translation

Items included in the financial statements of each entity of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the group's presentation currency. The group does not have any foreign operations.

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

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

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

(e) Revenue recognition

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

Interest revenue is recognised using the effective interest rate method. Interest revenue is included in finance revenue in the profit or loss.

(f) Finance costs

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

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

(g) Income tax

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

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

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

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

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

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

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

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

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

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

(h) Leases

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

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

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

(i) Business combinations

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

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

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

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

(j) Impairment of non-financial assets

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

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

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

(k) Cash and cash equivalents

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

(l) Inventories

Gold in circuit and ore stock piles are determined by physical measurement or estimated and cost comprises direct costs and an appropriate proportion of fixed and variable production overheads. Costs are assigned to gold in circuit and ore stock piles items of inventory on the basis of weighted average costs. The cost of raw materials and stores is determined on the weighted average cost basis. Any allowance for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any allowance for obsolescence. Net realisable value is assessed monthly based on the amount estimated to be obtained from sale of items of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

(m) Financial assets — loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. This category generally applies to trade and other receivables.

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

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

(n) Property, plant and equipment

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

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

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

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

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

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

(o) Exploration and evaluation costs

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

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

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

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

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

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment. To the extent that there are insufficient, un-depleted resource ounces relating to the particular area of interest, the capitalised costs relating to the area of interest are written off against income in the year. Exploration costs capitalised in relation to areas that have sufficient un-depleted resource ounces are reclassified to capitalised mining costs once a decision to proceed with development is made.

(p) Capitalisation and amortisation of mining costs

Mining expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units of production basis. The units of production method results in an amortisation charge proportional to the deletion of the economically recoverable mineral resource (comprising proven and probable reserve). Costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are amortised over the estimated life of that specific ore block or area.

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

Open pit mines

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

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

(i) Future economic benefits (being improved access to the ore body) are probable;

(ii) The component of the ore body for which access will be improved can be accurately identified; and

(iii) The costs associated with the improved access can be reliably measured.

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

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

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

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

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

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

Underground mining

Underground mining occurs progressively in various stages.

Underground mining costs are capitalised based on an average development metre rate multiplied by the development metre(s) for the period attributed to mining activities not occurring directly within the ore body (for example, general mine access development and infrastructure development). These capitalised costs are amortised over the estimated economic life of the mine on a units of production basis.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Due to the current nature of trade and other payables the carrying amount, approximates fair value. Trade and other payables are classified in the category, financial liabilities at amortised cost.

(r) Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Other financial liabilities

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

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

De-recognition of financial liabilities

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

(s) Rehabilitation provision

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

The provision for rehabilitation costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal and other requirements and technology. When a liability is initially recorded, the present value of the estimated cost of rehabilitation and restoration relating to exploration, development and milling facilities is capitalised into the cost of the related asset and depreciated or amortised over the life of the related asset. Over time, the discounted liability is increased for the change in the present value based on a discount rate that reflects current market assessments. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the provision at each reporting date.

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

(t) Derivatives and hedging activities

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

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

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

Cash flow hedge

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

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

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

Other contracts that do not qualify for hedge accounting

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

(u) Employee benefits

(i) Wages and salaries, annual and sick leave

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

(ii) Long service leave

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

(iii) Superannuation

The group makes contributions to accumulation superannuation funds. Contributions are recognised as an expense as they become payable.

(iv) Share-based payments

Equity-settled transactions

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

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

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

Where options are cancelled, or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) they are treated as if vesting occurred on cancellation or settlement, and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a Monte Carlo option pricing model, further details of which are given in Note 38. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

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

(v) Bonus plans

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

(vi) Termination benefits

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

(v) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. If the group re-acquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(w) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(x) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(y) Accounting standards issued but not yet effective

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 1053	Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this standard) (b) The Australian Government and State, Territory and Local governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.	1 July 2013	1 January 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	1 January 2014
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 January 2014
AASB 2013-3	Amendments to AASB 136 – *Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 January 2014
AASB 2013-4	Amendments to Australian Accounting Standards – *Novation of Derivatives and Continuation of Hedge Accounting* [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 January 2014
Interpretation 21	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 January 2014
AASB 2013-5	Amendments to Australian Accounting Standards – *Investment Entities* [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	1 January 2014

<table>
<tr><th>Reference</th><th>Title</th><th>Summary</th><th>Application date of standard</th><th>Application date for group*</th></tr>
<tr><td>AASB 9</td><td>Financial Instruments</td><td>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
• The change attributable to changes in credit risk are presented in other comprehensive income (OCI).
• The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.

The AASB issued a revised version of AASB 9 during December 2013. The revised standard incorporates three primary changes:

1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures; and

2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time.</td><td>1 January 2017</td><td>1 January 2017</td></tr>
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* The impact of the adoption of these new and revised standards and interpretations have been considered in an initial review and are not considered to be significant change to the financial statements of the group. Final consideration of the changes is currently underway.

(z) Parent entity financial information

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

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Norton Gold Fields Limited.

(ii) Tax consolidation legislation

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

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

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

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

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

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

(iii) Share-based payments

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

2. Critical accounting estimates and judgements

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

Recoverability of capitalised mining costs and property, plant and equipment

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

The impairment assessment was based on future estimated cash flows expected over the life of mine, using a gold price of $1,450 per oz and pre-tax discount rate of 8%.

Exploration and evaluation expenditure

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

Rehabilitation provision

Paddington Gold Pty Ltd and Bellamel Mining Pty Ltd are required by the West Australian Department of Industry and Resources to ensure that appropriate rehabilitation is carried out on tenements that are mined. In determining the level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs and the estimated future inflation level.

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

Recoverability of deferred tax assets

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

JORC Compliant Resources and Reserves affecting amortisation

Accounting policy Note 1(p) 'Capitalisation and amortisation of mining costs' states that the capitalised mining costs are amortised over the estimated economic life of the mining assets on a units-of-production basis. The units-of-production basis is based on gold produced compared to total expected gold production over the life of the mine. Total expected gold production is based upon proven and probable reserve for each mine. These resources and reserves are based upon a competent person evaluation which is Joint Ore Reserve Committee ('JORC') Code compliant. These estimates are updated as further drilling and mining information becomes available. In addition, the life of each mine is assessed on a quarterly basis. The life of mine has due regard to both its physical life limitations and the present assessments of economically recoverable reserves of the mine property at which it is located. As a result, future amortisation rates may increase or decrease dependent upon changes to a mine's mineral resources and ore reserves over the life of that mine.

Deferred mining costs

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

3. Segment information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed by the chief operating decision maker (Chief Executive Officer) in assessing performance and in determining the allocation of resources. The group operates in gold mining industry and derives virtually all revenue from the sale of gold. The operating segments identified by management are Paddington operations and Mount Morgan project.

Description of segments

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

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

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

The following table presents information for reportable operating segments for the reporting periods ended 31 December 2013 and 31 December 2012.

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
12 months to 31 December 2013			
Total segment revenue	259,677	–	259,677
Intersegment revenue	–	–	–
Revenue from external customers	259,677	–	259,677
Segment result	42,901	–	42,901
Intersegment eliminations	–	–	–
Group allocated segment result	42,901	–	42,901
6 months to 31 December 2012			
Total segment revenue	114,079	–	114,079
Intersegment revenue	–	–	–
Revenue from external customers	114,079	–	114,079
Segment result	(8,220)	(660)	(8,880)
Intersegment eliminations	–	–	–
Group allocated segment result	(8,220)	(660)	(8,880)

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

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Segment result includes depreciation of:		
Paddington operations	(45,674)	(26,064)
Mount Morgan Project	–	–
	(45,674)	(26,064)

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

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Group allocated segment result	42,901	(8,880)
Impairment of inventory	–	(11,033)
Depreciation and amortisation	(105)	(12)
Corporate office activities	(9,809)	(4,380)
Other	13	(68)
Finance income	1,548	1,335
Finance costs	(16,958)	(7,872)
Profit/(loss) before tax	17,590	(30,910)

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

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
Total segment assets			
Year ended 31 December 2013	279,580	12,934	292,514
Period ended 31 December 2012	184,303	12,397	196,700

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

	2013 $'000	2012 $'000
Group allocated assets	292,514	196,700
Unallocated:		
Cash and cash equivalents	37,630	18,387
Trade and other receivables	2,961	382
Deferred tax assets	14,853	9,978
Exploration and evaluation assets	2,906	652
Property, plant and equipment	365	48
Deferred settlement receivable (refer Note 14)	–	9,798
Other assets	36	37
Total assets	351,265	235,982

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

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
Total segment non-current asset additions			
31 December 2013	153,447	–	153,447
31 December 2012	33,213	–	33,213

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

Revenue from two external customers which is the Perth Mint that accounted for 73% of the revenue (2012: 100% of the revenue) and Macquarie Bank Limited which accounted for 27% of the revenue (2012: Nil).

Assets of the group are located in Australia.

4. Revenue

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Sales revenue		
Gold sales	258,918	113,713
Silver sales	759	366
Total sales revenue	**259,677**	**114,079**

5. Cost of sales

	12 months to 31 December 2013 $'000	Restated* 6 months to 31 December 2012 $'000
Mining expenses	76,396	37,358
Milling costs	39,122	20,515
Maintenance	20,515	12,062
Haulage	19,726	8,843
Royalties	8,622	3,448
General site costs	16,378	10,539
Change in inventories	(9,054)	3,799
Depreciation and amortisation	45,674	26,064
Total cost of sales	**217,379**	**122,628**

*Refer to Note 1(a)

6. Administrative expenses

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Office and general administrative expenditure	6,805	3,568
Depreciation	105	12
Rental expense	603	70
Operating lease expense	280	–
Insurance	113	153
Directors' fees	305	137
Professional and consulting fees	1,765	1,208
Total administrative expenses	**9,976**	**5,148**

7. Other income

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Gain on disposal of exploration assets	300	–
Other income	378	356
Total other income	**678**	**356**

8. Employee benefits

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Salaries, wages and related costs (including executive directors)	46,208	21,254
Equity-settled share-based payments	85	71
Cash-settled share-based payments	384	–
Superannuation contributions (defined contribution)	3,488	1,502
Total employee benefits	**50,165**	**22,827**

9. Net finance costs

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Finance income		
Unwinding of deferred receivable discount	–	461
Interest	1,548	874
Total finance income	1,548	1,335
Finance costs		
Net foreign exchange loss	(12,126)	–
Secured Note facility	(4,676)	(7,872)
Unwind of discount on provisions	(156)	–
Total finance costs	(16,958)	(7,872)
Total net finance costs	**(15,410)**	**(6,537)**

10. Income tax

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Income tax benefit		
Current tax		
– current tax	–	–
Deferred tax		
– origination and reversal of temporary differences	5,310	(8,391)
– adjustment for previous years	(7,235)	–
– recognition of previously unrecognised tax losses	(2,950)	–
Total income tax benefit	**(4,875)**	**(8,391)**

Reconciliation of income tax benefit to prima facie tax		
Profit/(loss) before tax	17,590	(30,910)
Tax expense at 30% (31 December 2012: 30%)	5,277	(9,273)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
– Entertainment	6	2
– Share-based payments	27	(21)
– Interest	–	853
– Other	–	48
	5,310	(8,391)
Recognition of previously unrecognised tax losses	(2,950)	–
Under/(over) provided in prior years	(7,235)	–
Income tax benefit	(4,875)	(8,391)

No amounts have been recognised directly in equity.

Tax losses

The group has tax losses of $13,590,000 that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they are restricted by the 'available fraction' ascribed to these losses, which may inhibit the group from fully utilise these losses in a given taxable year.

Tax consolidation

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

Members of the tax consolidated group have also entered into a tax funding agreement under which the wholly owned entities fully compensate Norton Gold Fields Limited for any current tax payable assumed and are compensated by Norton Gold Fields Limited for any current tax receivable. The group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The allocation of taxes under the tax funding agreement is recognised as an increase or a decrease in the wholly owned entities' intercompany accounts with the tax consolidated group head entity which is receivable (payable) at call.

11. Cash and cash equivalents

	2013 $'000	2012 $'000
Cash at bank and on hand	15,074	19,018
Short-term deposits	23,195	–
Total cash and cash equivalents	**38,269**	**19,018**

12. Trade and other receivables

	2013 $'000	2012 $'000
Trade receivables(i)	5,437	8,972
Other receivables(ii)	2,433	2,019
Other financial assets(iii)	2,347	–
Interest receivable	142	107
Total trade and other receivables	**10,359**	**11,098**

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

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

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

Refer to Note 28 on credit risk on trade receivables.

13. Inventories

	2013 $'000	2012 $'000
Raw materials and stores (at cost)	12,044	10,468
Provision for obsolescence	(600)	(741)
Total raw materials and stores	11,444	9,727
Ore stockpiles (at lower of cost and net realisable value)	17,307	7,696
Gold in circuit (at lower of cost and net realisable value)	3,356	3,913
Total inventories (at lower of cost and net realisable value)	**32,107**	**21,336**

Significant item of expense

Write down of inventories to net realisable value recognised as an expense during the six months period ending 31 December 2012 amounted to $11,033,000. The expense is separately disclosed on the face of consolidated statement of comprehensive income.

14. Other assets

	2013 $'000	2012 $'000
Current		
Deferred settlement receivable(i)	–	9,798
Total other assets – current	**–**	**9,798**
Non-current		
Security deposits(ii)	3,675	20,882
Total other assets – non-current	**3,675**	**20,882**

(i) The remaining funds of $9,798,000 related to the sale of EPC 1033 and were received on 14 March 2013.

(ii) Included in security deposits is $1,991,000 (2012: $20,882,000) that has been collateralised against guarantees provided by the National Australia Bank in favour of the West Australian Department of Industry and Resources for rehabilitation costs. These term deposits are at interest rates between 2.00% and 4.00% per annum (2012: between 4.36% and 4.64%). These deposits are not released until the rehabilitation obligation of the group is satisfied.

15. Tax assets and liabilities

	2013 $'000	Restated* 2012 $'000
Deferred tax assets arising from:		
Capital costs	802	190
Property, plant and equipment	3,062	2,853
Rehabilitation provision	7,869	7,239
Mining information	58	2,546
Mining properties	–	3,849
Inventories	–	392
Tax losses	27,871	15,550
Trade payables	165	480
Other receivables	–	61
Employee benefits	1,945	1,473
Borrowings	1,187	–
	42,959	34,633
Deferred tax liabilities arising from:		
Inventories	(3,433)	–
Mine properties	(7,144)	–
Deferred exploration and evaluation costs	(17,529)	(24,655)
	(28,106)	(24,655)
Net deferred tax assets	**14,853**	**9,978**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

	Balance at 1 January 2013 $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Balance at 31 December 2013 $'000
2013				
Capital costs	190	612	–	802
Property, plant and equipment	2,853	209	–	3,062
Mine rehabilitation	7,239	630	–	7,869
Mining information	2,546	(2,488)	–	58
Mining properties	3,849	(10,993)	–	(7,144)
Inventories	392	(3,825)	–	(3,433)
Tax losses	15,550	12,321	–	27,871
Trade payables	480	(315)	–	165
Other receivables	61	(61)	–	–
Employee benefits	1,473	472	–	1,945
Borrowings	–	1,187	–	1,187
Deferred exploration and evaluation costs	(24,655)	7,126	–	(17,529)
	9,978	4,875	–	14,853

	Restated* Balance at 1 July 2012 $'000	Restated* Recognised in profit or loss $'000	Restated* Recognised in equity $'000	Restated* Balance at 31 December 2012 $'000
2012				
Capital costs	473	(283)	–	190
Property, plant and equipment	3,284	(431)	–	2,853
Mine rehabilitation	7,189	50	–	7,239
Mining information	2,608	(62)	–	2,546
Mining properties	1,156	2,693	–	3,849
Tax losses	10,510	5,040	–	15,550
Trade payables	673	(193)	–	480
Other receivables	199	(138)	–	61
Employee benefits	1,080	393	–	1,473
Deferred exploration and evaluation costs	(22,747)	(1,908)	–	(24,655)
Inventories	(2,838)	3,230	–	392
	1,587	8,391	–	9,978

*Refer to Note 1(a).

16. Exploration and evaluation assets

	2013 $'000	2012 $'000
Capitalised exploration and evaluation expenditure at 1 January/1 July	74,801	71,210
Exploration and evaluation expenditure capitalised	13,393	10,217
Transferred to capitalised mining costs	(27,953)	(6,626)
Capitalised exploration and evaluation expenditure at 31 December	**60,241**	**74,801**

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.

17. Capitalised mining costs

	2013 $'000	Restated* 2012 $'000
Capitalised mining costs – at cost	255,481	161,650
Accumulated amortisation	(162,885)	(124,415)
Total capitalised mining costs	**92,596**	**37,235**
The capitalised mining costs carried forward above have been determined as follows:		
Carrying amount at 1 January/1 July	37,235	35,010
Costs incurred during the year	54,676	20,399
Acquisition of subsidiaries and operations	11,202	–
Transferred from exploration and evaluation assets	27,953	6,626
Amortisation	(38,470)	(24,800)
Carrying amount at 31 December	92,596	37,235

*Refer to Note 1(a).

18. Property, plant and equipment

	2013 $'000	2012 $'000
Plant and equipment – at cost	115,320	40,281
Accumulated depreciation	(18,196)	(10,928)
	97,124	29,353
Building improvements – at cost	2,422	860
Accumulated depreciation	(789)	(748)
	1,633	112
Total property, plant and equipment	**98,757**	**29,465**

Reconciliation

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

	Plant and equipment $'000	Building improvements $'000	Total $'000
Carrying amount at 1 July 2012	27,990	122	28,112
Additions	2,625	–	2,625
Disposals	(3)	–	(3)
Depreciation	(1,259)	(10)	(1,269)
Carrying amount at 31 December 2012	29,353	112	29,465
Additions	72,577	1,562	74,139
Acquisition of subsidiaries and operations	2,538	–	2,538
Disposals	(76)	–	(76)
Depreciation	(7,268)	(41)	(7,309)
Carrying amount at 31 December 2013	**97,124**	**1,633**	**98,757**

The carrying value of property, plant and equipment held under finance lease at 31 December 2013 was $660,000 (2012: nil). Lease assets are pledged as security for the related finance lease liabilities.

19. Trade and other payables

	2013 $'000	2012 $'000
Trade payables(i)	12,499	9,677
Other payables and accruals(i)	16,600	23,369
Accrued interest(ii)	565	546
Total trade and other payables	**29,664**	**33,592**

(i) Trade and other payables and accruals are non-interest bearing and are normally settled on 30-day terms.

(ii) Interest payable is normally settled monthly throughout the financial year.

For explanations on the group's credit risk management processes, refer to Note 28.

20. Borrowings

	2013 $'000	2012 $'000
Current		
Gold Mountains loan – unsecured(i)	16,903	–
Finance lease liabilities – unsecured(iv)	114	–
Jinyu loan – unsecured(ii)	–	38,000
Total borrowings – current	**17,017**	**38,000**
Non-current		
ICBC facility – secured(iii)	112,826	11,568
Finance lease liabilities – unsecured(iv)	509	–
Total borrowings – non-current	**113,335**	**11,568**
Total borrowings	**130,352**	**49,568**

(i) Gold Mountains (H.K.) International Mining Co. Ltd. ("Gold Mountains") provided the Company with an unsecured loan facility of US$15,000,000 with maturity of August 2014. Interest on the unsecured loan facility is payable monthly at an interest rate of 3.3995% per annum. The loan has been restated to Australian dollars using the spot exchange rate at the reporting date.

(ii) Jinyu (H.K) International Mining Company Limited ("Jinyu") provided the Company with a Bridging Term Loan Facility upon triggering the 45% change of control provision of the senior secured note with Merrill Lynch. The unsecured loan facility had a 12-month term from initial drawdown and an interest rate of 11% per annum. Upon securing a US$105,000,000 facility, this loan was fully repaid in January 2013.

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

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

	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
	2013 $'000	2013 $'000	2013 $'000	2012 $'000	2012 $'000	2012 $'000
Less than one year	149	35	114	–	–	–
Between one and five years	149	28	121	–	–	–
More than five years	402	14	388	–	–	–
	700	77	623	–	–	–

21. Provisions

	2013 $'000	2012 $'000
Current		
Employee benefits	5,382	4,069
Mine rehabilitation	1,043	1,072
Total provisions – current	6,425	5,141
Non-current		
Employee benefits	1,013	841
Mine rehabilitation	25,266	23,056
Total provisions – non-current	26,279	23,897
Total provisions	**32,704**	**29,038**

Movements in provision are set out in the table below.

	Mine rehabilitation $'000
At 1 January 2013	24,128
Acquisition of subsidiaries and operations	1,435
Change in provision	869
Unwind of discount on provision	156
Utilisation	(279)
At 31 December 2013	**26,309**

Mine rehabilitation

The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

The mine rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 20 years. These provisions have been created based on the group's internal estimates Although the ultimate cost to be incurred is uncertain, the group has estimated its costs using current restoration standards and techniques. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required. Furthermore, timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates.

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

Employee benefits

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

22. Other financial liability

	2013 $'000	2012 $'000
Forward foreign exchange contract(i)	175	–
Total other financial liability	**175**	**–**

(i) This represents the foreign exchange contract with the Industrial and Commercial Bank of China Limited ("ICBC") Sydney branch of US$15,000,000 in relation to the unsecured loan facility entered into with Gold Mountains (refer to Note 20). Also see Note 28(g)(i) for details of the group's foreign currency risk management.

23. Other liability

	2013 $'000	2012 $'000
Cash-settled share-based payment liability – current(i)	236	–
Cash-settled share-based payment liability – non-current(i)	148	–
Total other liability	**384**	**–**

(i) This relates to the Company's 2013 long-term incentive plan which is settled in cash (refer to Note 38(b)).

24. Contributed equity

	2013 $'000	2012 $'000
931,850,662 fully paid ordinary shares (2012: 861,580,265)	186,892	176,703
Less: share issue costs	(51)	(51)
Total contributed equity	**186,841**	**176,652**

(a) Movements in fully paid ordinary shares

	2013 Shares	2012 Shares	2013 $'000	2012 $'000
Balance at 1 January/1 July	861,580,265	849,580,265	176,652	174,252
Issue during the year				
Ordinary shares issued by means of the exercise of 12,000,000 options at $0.20 per option	–	12,000,000	–	2,400
Ordinary shares issued as a result of takeover of KMC(i)	70,270,397	–	10,189	–
Balance at 31 December	**931,850,662**	**861,580,265**	**186,841**	**176,652**

(i) These ordinary shares were issued pursuant to the terms of Norton's takeover offer for Kalgoorlie Mining Company Limited ("KMC"). The purchase consideration of net assets of KMC comprised of 70,270,397 Norton ordinary shares and 72,591,793 Norton unlisted options.

(b) Ordinary shares

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

(c) Employee share options

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

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

See Note 25 for details of these unlisted options. Each option entitles the holder to obtain one share of the Company. These options are exercisable at $0.27 per option into one ordinary share on or before 30 April 2015.

(e) Capital management

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

The capital structure of the group consists of debt in the form of borrowings as disclosed in Note 20, cash and cash equivalents and equity. The group balances its overall capital structure through the following mechanisms: issuance of new shares, share buy-backs, capital returns as well as issuance of new debt or redemption of existing debt and cash flow management.

The group's gearing ratio is monitored and maintained at a level that is appropriate for its growth plans. The group calculates gearing ratio as net debt divided by total capital. Net debt is calculated as borrowings (refer Note 20) less cash and cash equivalents. Total capital is calculated as total equity plus net debt. In the event that cash and cash equivalents are greater than total debt, net debt is taken to be nil. The group's gearing ratios at 31 December 2013 and 2012 were as follows:

	Notes	2013 $'000	2012 $'000
Total debt	20	130,352	49,568
Less: cash and cash equivalents	11	(38,269)	(19,018)
Net debt		92,083	30,550
Total equity		157,986	123,784
Total capital		250,069	154,334
Gearing ratio		**36.82%**	**19.80%**

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

Norton has complied with the financial covenants of its borrowing facilities during the 31 December 2013 and 2012 reporting periods.

25. Reserves

	2013 $'000	2012 $'000
(a) Reserves		
Share-based payment reserve	10,578	10,493
Option reserve	1,463	–
Total reserves	12,041	10,493

(b) Nature and purpose of reserves

Share-based payments reserve

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

Option reserve

The option reserve is used to recognise the fair value of 72,591,793 unlisted options consideration as a result of takeover of KMC.

26. Key management personnel disclosures

	12 months to 31 December 2013 $	6 months to 31 December 2012 $
i. Key management personnel compensation		
Short-term employee benefits	3,066,857	1,224,482
Post-employment benefits	134,435	74,770
Long-term benefits	22,099	(7,758)
Termination benefits	–	635,979
Equity compensation benefits	320,888	(85,506)
Total key management personnel compensation	3,544,279	1,842,267

ii. Equity instrument disclosures relating to key management personnel

Option holdings

The movement of number of options over the ordinary shares in the Company held by key management personnel of the group, including their personally related entities during the reporting year is as follows:

	Held at 1 January 2013	Granted as compensation	Forfeited	Other changes	Held at 31 December 2013	Vested and exercisable at 31 December 2013
	Number	Number	Number	Number	Number	Number
2013						
Director						
Dr D.Chen(i)	–	8,000,000	–	–	8,000,000	–
Total	**–**	**8,000,000**	**–**	**–**	**8,000,000**	**–**

	Held at 1 July 2012	Granted as compensation	Forfeited	Other changes	Held at 31 December 2012	Vested and exercisable at 31 December 2012
	Number	Number	Number	Number	Number	Number
2012						
Director						
A.Labuschagne(ii)	8,000,000	–	–	(8,000,000)	–	–
Other key management personnel						
R.Brainsbury(ii)	4,000,000	–	–	(4,000,000)	–	–
I.Sheppard(iii)	4,000,000	–	(4,000,000)	–	–	–
Total	**16,000,000**	**–**	**(4,000,000)**	**(12,000,000)**	**–**	**–**

(i) 8,000,000 share options granted to Dr D Chen were approved by the shareholders at the May 2013 Annual General Meeting.

(ii) A.Labuschagne and R.Brainsbury's options vested under a takeover clause in the option agreement.

(iii) I.Sheppard's options were forfeited upon resignation.

Share holdings

The movement of the number of ordinary shares of the Company held by key management personnel of the group, including their personally related entities during the reporting year is as follows:

	Held at 1 January 2013	Net changes –purchases (sales) on market	Received via exercise of options	Other changes*	Received as remuneration	Held at 31 December 2013	Balance held nominally
	Number	Number	Number	Number	Number	Number	Number
2013							
Directors							
J.Chen	–	726,043	–	(726,043)	–	–	–
Dr D.Chen	–	1,726,043	–	–	–	1,726,043	–
A.Prowse(i)	1	–	–	(1)	–	–	–
Other key management personnel							
S.Phan	–	100,000	–	–	–	100,000	–
T.Moylan	480,000	–	–	–	–	480,000	–
G.Simpson	–	137,000	–	–	–	137,000	–
Total	480,001	2,689,086	–	(726,044)	–	2,443,043	–

* Represent movements for executives who are no longer employees of the Company at the end of the reporting period.

(i) A.Prowse resigned effective 1 February 2013 and his shareholding is no longer disclosed.

	Held at 1 July 2012	Net changes –purchases (sales) on market	Received via exercise of options	Other changes*	Received as remuneration	Held at 31 December 2012	Balance held nominally
	Number	Number	Number	Number	Number	Number	Number
2012							
Directors							
A.Prowse	19,865,792	(19,865,791)	–	–	–	1	–
A.Labuschagne	181,000	(8,181,000)	8,000,000	–	–	–	–
Other key management personnel							
R.Brainsbury	–	(4,000,000)	4,000,000	–	–	–	–
T.Moylan	700,000	(220,000)	–	–	–	480,000	–
P.Ruzicka	490,000	(490,000)	–	–	–	–	–
Total	21,236,792	(32,756,791)	12,000,000	–	–	480,001	–

* Represent movements for executives who are no longer employees of the Company at the end of the reporting period.

(iii) Loans with key management personnel

There are no loans with key management personnel.

27. Auditors' remuneration

	12 months to 31 December 2013 $	6 months to 31 December 2012 $
(a) Audit services		
Auditors of the Company – Ernst & Young		
Audit and review of financial reports	200,000	–
Auditors of the Company – BDO Audit Pty Ltd		
Audit and review of financial reports	–	125,000
Total remuneration for audit services	200,000	125,000
(b) Other services		
Auditors of the Company – Ernst & Young		
Taxation services	40,000	–
Other non-audit services	30,000	–
Total remuneration for other services	70,000	–
Total auditors' remuneration	**270,000**	**125,000**

28. Financial instruments

(a) Financial risk management objectives, policies and processes

Risk management is centrally managed by group treasury which operates under a policy framework that involves overview by senior management and the board of Directors. Group treasury identify, qualify, evaluate and where considered prudent, manage financial risks in accordance with established written policies covering specific areas. These risks include market risk (including gold price risk, interest rate and currency risk), credit risk and liquidity risk. The group's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function.

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

(b) Financial instruments

	2013 $'000	2012 $'000
Financial assets		
Cash and cash equivalents	38,269	19,018
Loans and receivables		
Trade and other receivables	10,359	11,098
Deferred settlement receivable	–	9,798
Security deposits	3,675	20,882
	52,303	**60,796**
Financial liabilities		
At amortised cost		
Trade and other payables	29,664	33,592
Financial liabilities – borrowings	130,352	49,568
Forward foreign exchange contract	175	–
	160,191	**83,160**

(c) Commodity price risk

The group is predominantly exposed to gold price risk from its normal trading activities. The exposure is closely monitored and where it is considered prudent may be managed with financial derivatives in accordance with the approved policy framework. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provides written principles on this risk. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Other than contracts to sell and deliver gold which are accounted for as executory contracts, there were no derivative financial instruments in use in the current reporting period.

(d) Credit risk

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

The group treasury policy for deposit transactions requires deposits with financial institutions holding a benchmark credit rating. At reporting date, cash and short-term deposits were held with National Australia Bank and Suncorp. Cash has been spread over these financial institutions to reduce credit risk. The group's trade receivables relate mainly to gold sales. The group has determined that the risk is low, as the gold is only sold to the Perth Mint and Macquarie Bank Limited, which are perceived as reliable, with short contractual payment terms.

(e) Liquidity risk

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

	Carrying amount $'000	Contractual cash flows $'000	< 1 year $'000	1–2 years $'000	2–5 years $'000	>5 years $'000
2013						
Trade and other payables	29,664	29,664	29,664	–	–	–
Borrowings	130,352	142,133	23,259	118,466	408	–
Forward exchange contract	175	17,089	17,089	–	–	–
Total	160,191	188,886	70,012	118,466	408	–
2012						
Trade and other payables	33,592	33,592	33,592	–	–	–
Borrowings	49,568	50,518	38,393	557	11,568	–
Total	83,160	84,110	71,985	557	11,568	–

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

(f) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature. The group's ICBC facility (refer to Note 20) is exposed to interest rate risk as it is subject to a floating interest rate. As at 31 December 2013 the average interest rate of Norton's bank loan was 3.06% per annum (2012: 2.41% per annum). A 100 basis point increase or decrease in the interest rate on bank loan held at 31 December 2013 would result in $1,279,000 increase or decrease in the group's profit before tax. Management continually monitors the fluctuation of the floating interest rate. The group's cash and cash equivalents, Gold Mountains loan and finance lease liabilities at 31 December 2013 are fixed interest rate financial instruments. Therefore, they are not subject to interest rate risk.

(g) Foreign currency risk

The group operates principally in Australia. Foreign currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Australian dollars. The group's ICBC bank loan denominated in US dollars of USD25,000,000 is subject to fluctuation against the US dollar. Foreign currency exposure of Gold Mountain loan, which is denominated in US dollars, is mitigated by entering a forward foreign exchange contract (refer to Note 22).

(i) Forward foreign exchange contract

The group recognises derivative financial instruments at fair value at the date the derivative contract is entered into. At 31 December 2013, the notional amount of the foreign exchange position totalling USD14,900,000 is made up as follows:

- Forward contract totalling USD14,900,000 due in the period ending 31 December 2014 and with an average contract rate of A$1.00/USD0.8811.

As at 31 December 2013, the mark-to-market loss on the total outstanding USD forward contract of USD14,900,000 was $175,000.

(ii) Foreign currency sensitivity

The following table details the group's sensitivity arising in respect of financial liabilities to a 10% movement (2012: 10%) in the Australian dollar against the US dollar at the reporting date, with all other variables held constant.

	Effect on profit before tax		Effect on equity	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
AUD/USD +10%	2,248	1,157	-	-
AUD/USD-10%	(3,443)	(1,157)	-	-

(h) Fair value measurements

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

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

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

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

The following table presents the group's financial instruments measured and recognised at fair value:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2013				
Forward foreign exchange contract	–	175	–	175
2012				
Deferred settlement receivable	–	–	9,798	9,798

The fair value of the deferred settlement receivable is calculated as the present value of the expected cash flows using a discount rate that reflects the credit risk specific to the counterparty (10%). The deferred settlement receivable related to the sale of EPC 1033 and was received on 14 March 2013.

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

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

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

29. Contingencies

The group had no contingent liabilities at 31 December 2013 (2012: Nil).

30. Commitments

(a) Operating lease commitments

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

	2013 $'000	2012 $'000
These commitments are not provided for in the consolidated financial statements and are payable:		
Within one year	1,266	493
Later than one year but not later than five years	2,974	2,513
More than five years	–	101
	4,240	3,107

(b) Physical gold delivery commitments

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

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

	Gold for physical delivery Ounces	Contracted gold sale price $/ounce	Value of committed sales $'000
These commitments are not provided for in the consolidated financial statements			
Within one year	9,740.651	1,601.40	15,599
	9,740.651	1,601.40	15,599

(c) Exploration commitments

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

	2013 $'000	2012 $'000
These exploration commitments are not provided for in the consolidated financial statements and are payable		
Within one year	7,549	7,267
Later than one year but not later than five years	31,880	30,431
More than five years	54,976	52,637
	94,405	90,335

31. Capital commitments

The group had no capital expenditure contracted at the reporting date (2012: Nil).

32. Related party transactions

(a) Parent entity

The parent entity within the group and the ultimate Australian parent entity is Norton Gold Fields Limited. The ultimate parent entity and ultimate controlling party is Zijin Mining Group Co., Ltd (incorporated in China) which at 31 December 2013 owns 82.43% of the issued ordinary shares of Norton Gold Fields Limited through its wholly owned subsidiary Jinyu (H.K) International Mining Company Limited. Jinyu (H.K.) International Mining Company Limited acquired directly and through its subsidiary companies the interest in Norton on 2 August 2012.

During the reporting period 31 December 2012, Norton secured a US$105,000,000 credit facility through the Perth branch of Industrial and Commercial Bank of China Limited. The credit facility has a term of three years and is secured by a letter of guarantee issued by the Zijin Mining Group Co., Ltd.

(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 Notes 26 and 38.

(d) Transactions with related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The Company incurred a guarantee fee of $1,668,168 in relation to the Industrial and Commercial Bank of China Limited's loan paid to Zijin Mining Group Co., Ltd.

33. Parent entity information

The consolidated financial statements incorporate the assets, liabilities and results of Norton Gold Fields Limited in accordance with the accounting policy described in Note 1(b).

	2013 $'000	2012 $'000
Current assets	64,205	18,437
Non-current assets	119,328	101,720
Total assets	185,533	120,157
Current liabilities	1,928	39,608
Non-current liabilities	133,246	11,572
Total liabilities	135,174	51,180
Net assets	**48,359**	**68,977**
Contributed equity	186,841	176,652
Reserves	12,033	10,492
Accumulated losses	(150,515)	(118,167)
Total equity	**48,359**	**68,977**

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Loss for the year/period	(32,348)	(8,857)
Total comprehensive loss	**(32,348)**	**(8,857)**

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries, except for the deed of cross guarantee as disclosed in Note 34 (2012: Nil).

Contractual commitments

The parent entity had no contractual commitments to acquire property, plant and equipment as at 31 December 2013 (2012: Nil).

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2013 (2012: Nil).

34. Subsidiaries

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

Name of entity	Country of Incorporation	Class of Shares	Equity holding 2013 %	Equity holding 2012 %
Paddington Gold Pty Ltd	Australia	Ordinary	100	100
Norton Gold Mines Pty Ltd	Australia	Ordinary	100	100
Australian Geoscientists No 2 Pty Ltd	Australia	Ordinary	70	70
Norton Gold Holdings Pty Ltd	Australia	Ordinary	100	100
Norton Coal Pty Ltd	Australia	Ordinary	100	100
Bellamel Mining Pty Ltd	Australia	Ordinary	100	100
Mount Morgan Mine Pty Ltd	Australia	Ordinary	100	100
Norton Operations Pty Ltd	Australia	Ordinary	100	100
Kalgoorlie Mining Company Ltd	Australia	Ordinary	100	–
Kalgoorlie Mining Company (Bullant) Pty Ltd	Australia	Ordinary	100	–

Relief from preparation of financial reports for wholly owned Australian subsidiaries

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

A consolidated statement of comprehensive income and consolidated statement of financial position comprising the Closed Group, after eliminating all transactions between parties to the Deed for the year ended 31 December 2013 is set out below.

Closed Group consolidated statement of comprehensive income

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Revenue	259,677	114,079
Cost of sales	(217,379)	(122,609)
Gross profit/(loss)	**42,298**	**(8,530)**
Administrative expenses	(9,985)	(4,487)
Impairment of inventory	–	(11,032)
Impairment of investment in a subsidiary	–	(11,272)
Allowance for doubtful debts	–	(105,955)
Other income	678	355
Profit/(loss) before net finance costs	**32,991**	**(140,921)**
Finance income	1,548	1,335
Finance costs	(16,944)	(7,872)
Profit/(loss) before tax	**17,595**	**(147,458)**
Income tax expense	4,875	8,188
Profit/(loss) for the year/period	**22,470**	**(139,270)**
Other comprehensive income for the year/period, net of tax	**–**	**–**
Total comprehensive income/(loss) for the year/period	**22,470**	**(139,270)**

Closed Group consolidated statement of financial position

	2013 $'000	2012 $'000
Current assets		
Cash and cash equivalents	38,217	19,009
Trade and other receivables	10,644	23,260
Inventories	32,106	21,335
Total current assets	**80,967**	**63,604**
Non-current assets		
Trade and other receivables	–	–
Deferred tax assets	16,270	11,475
Investment in subsidiaries	12,853	501
Exploration and evaluation assets	51,729	64,462
Capitalised mining costs	65,414	22,565
Property, plant and equipment	96,387	29,453
Other assets	3,710	17,810
Total non-current assets	246,363	146,266
Total assets	**327,330**	**209,870**
Current liabilities		
Trade and other payables	33,684	33,586
Borrowings	17,017	38,000
Provisions	5,548	5,141
Other financial liability	175	–
Other liability	236	–
Total current liabilities	56,660	76,727
Non-current liabilities		
Borrowings	113,335	11,568
Provisions	23,291	21,885
Other liability	148	–
Total non-current liabilities	136,774	33,453
Total liabilities	193,434	110,180
Net assets	**133,896**	**99,690**
Equity		
Contributed equity	186,841	176,652
Reserves	12,515	10,968
Retained profit	65,460	(87,930)
Total equity	**133,896**	**99,690**

35. Events occurring after the balance sheet date

As at the date of this report, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the group, the result of those operations, or the state of affairs of the group in future financial years.

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

For the purpose of the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and short term deposits. Full details of cash and cash equivalents are disclosed in Note 11.

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Reconciliation from the net profit/(loss) after tax to the net cash from operating activities		
Net profit/(loss) for the year/period	22,465	(22,519)
Adjustments for:		
Depreciation and amortisation	45,779	26,076
Unwinding of subscription fee on Merrill Lynch facility	–	2,842
Unwinding of deferred settlement receivable	–	(461)
Unwinding of discount on provisions	156	–
Share-based payments expense	469	(71)
Net foreign exchange loss	12,126	–
Gain on disposal of exploration assets	(300)	–
Impairment of inventories	–	11,033
Changes in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	5,123	(7,016)
(Increase)/decrease in inventories	(10,760)	3,532
Increase in deferred tax	(4,875)	(8,392)
(Decrease)/increase in trade and other payables	(5,172)	4,955
Increase in provisions	2,167	313
Net cash provided by operating activities	67,178	10,292

Non-cash investing activities

During the current year, Norton acquired 100% of the ordinary shares in Kalgoorlie Mining Company Limited and Kalgoorlie Mining Company (Bullant) Pty Ltd, a wholly owned subsidiary of Kalgoorlie Mining Company Limited by means of issuance of Norton's shares and unlisted options.

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

37. Earnings per share

	12 months to 31 December 2013 Cents	Restated* 6 months to 31December 2012 Cents
Basic earnings/(loss) per share	2.52	(2.62)
Diluted earnings/(loss) per share	2.52	(2.62)

*Refer to Note 1(a).

Information concerning earnings per share:

(a) Earnings used for basic and diluted earnings per share are profit after tax of $22,465,000 (31 December 2012: loss after tax of $22,519,000).

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

	2013 Number	2012 Number
Number used in calculating basic earnings per share	890,254,437	859,048,758
Effect of share options on issue	–	–
Number used in calculating diluted earnings per share	890,254,437	859,048,758

At 31 December 2013, total equity instruments of 80,591,793 (2012: Nil) were excluded from the diluted weighted average number of ordinary shares calculation due to their antidilutive nature in the current reporting year.

38. Share-based payments

(a) Share options (equity-settled)

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

	Grant date	Number of options	Vesting conditions	% vested at 31 December 2013
2013				
Dr D.Chen	21 August 2012	8,000,000	Series One Options (2,666,667) exercisable after 12 months of continuous service from 21 August 2012; Series Two Options (2,666,667) exercisable after 24 months of continuous service from 21 August 2012; and Series Three Options (2,666,666) exercisable after 36 months of continuous service from 21 August 2012; plus The options will only vest in the event that VWAP5 reaches $0.30 at any time after the options are granted and Dr Chen continues to be employed.	–

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

The assessed fair value of the share options at grant date is determined using the Monte Carlo option pricing model which incorporates the following inputs:

Period of the options from grant date	4.24 years
Exercise price	$0.241
Underlying share price at grant date	$0.225
Expected share price volatility over the term of the options	51.38%
Expected dividend yield	–
Risk-free rate for the term of the options	2.97%

The assessed fair value of the share options granted was $0.029 each.

No options were vested and issued to key management personnel in the prior reporting period.

(b) Cash-settled share-based payment

As at 31 December 2013, the group awarded 4,224,006 performance units under its long-term incentive plan to selected management level employees. These performance units are accounted for as cash-settled share-based payment transactions. They are settled in cash at three separate redeemable dates – February 2014, February 2015 and February 2016. The performance units are subject to the employees remaining in employment with the group.

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

Period of the performance units from grant date	2.17 years
Exercise price	$nil
Underlying share price at grant date	$0.14
Expected dividend yield	–

(c) Expenses recognised in the profit or loss

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

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Performance shares	22	36
Performance options	63	(107)
Cash-settled share-based payment	384	–
	469	(71)

39. Business combination

On 17 April 2013, Norton Gold Fields Limited announced that the Company had made an off-market takeover offer for all of the outstanding shares of Kalgoorlie Mining Company Limited ("KMC"). The acquisition of KMC would align the group's strategy to increase gold production and achieve cost efficiency. Subsequently, on 26 July 2013 the Company announced that the offer had become unconditional with Norton receiving acceptances representing 84.85% of KMC's shares and 55.50% of KMC's listed options. On 16 August 2013, Norton undertook compulsory acquisition of the remaining KMC's shares.

Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration	Number	$'000
Fair value of share consideration	70,270,862	10,189
Fair value of option consideration	72,591,793	1,463
Total fair value of consideration		11,652
Direct costs relating to acquisition		472

The fair value of the share issued as consideration is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was $0.145 each. The fair value of the consideration given is therefore $10,189,000.

The fair value of the share options issued as consideration is calculated using a Black-Scholes option pricing model. The fair value is based on:

Term	1.68 years
Underlying share price at the date of acquisition	$0.145
Expected share price volatility	60%
Risk-free rate for the term of the options	2.48%
Expected dividend yield	0%

The net assets recognised as a result of the acquisition are as follows:

	Final fair value at acquisition date $'000
Assets	
Current assets	
Cash and cash equivalents	24
Inventories	10
Other assets	99
Total current assets	133
Non-current assets	
Capitalised mining costs	11,202
Property, plant and equipment	2,538
Other assets	1,031
Total non-current assets	14,771
Total assets	14,904
Liabilities	
Current liabilities	
Trade and other payables	(815)
Provisions	(63)
Financial liabilities	(939)
Total current liabilities	(1,817)
Non-current liabilities	
Provisions	(1,435)
Total non-current liabilities	(1,435)
Total liabilities	(3,252)
Net assets acquired	11,652

KMC contributed revenue of $Nil and a net loss of $Nil to the group for the period 26 July 2013 to 31 December 2013. If the acquisition of KMC had occurred at the beginning of the year, the consolidated revenue and consolidated profit for the 2013 year would have been $259,677,000 and $18,201,000, respectively.

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

1. In the opinion of the Directors:
   (a) the financial statements, comprising statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes are in accordance with the *Corporations Act 2001*, including:
      (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
      (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the 12 months period ended on that date.
   (b) the financial statements and accompanying notes also comply with International Financial Reporting Standards as disclosed in Note 1(a); and
   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer in accordance with Section 295A of the *Corporations Act 2001* for the year ended 31 December 2013.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 33 will be able to meet any obligations or liabilities which they are or may become subject to by virtue of the Deed of Cross Guarantee.

For and on behalf of the Board

Dr D. Chen
Managing Director and Chief Executive Officer

Perth, Western Australia
27 March 2014

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

We have audited the accompanying financial report of Norton Gold Fields Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Opinion

In our opinion:

a) the financial report of Norton Gold Fields Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the ***Corporations Act 2001***. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Norton Gold Fields Limited for the year ended 31 December 2013, complies with section 300A of the ***Corporations Act 2001***.

Ernst & Young

Ernst & Young

Robert Kirkby
Partner
Perth, WA
27 March 2014

shareholder information

The shareholder information set out below was applicable as at 20 March 2014.

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Range of fully paid ordinary shares	Number of Shareholders	Number of shares held	% of issued capital
1 – 1,000	611	191,415	0.02
1,001 – 5,000	715	2,015,500	0.22
5,001 – 10,000	320	2,532,911	0.27
10,001 – 100,000	612	20,108,296	1.39
100,001 and over	98	907,002,543	98.09
	2,356	931,850,665	100.00

Equity security holders

Twenty largest quoted equity security holders

The names of the 20 largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	Number held	% of issued shares
JINYU (H.K.) INTERNATIONAL MINING COMPANY LIMITED	701,840,563	75.32%
LUMINOUS GOLD LIMITED	66,250,000	7.11%
GOLDMAX ASIA INVESTMENT LIMITED	46,319,231	4.97%
SHL PTY LTD	24,300,000	2.61%
CITICORP NOMINEES PTY LIMITED	9,310,279	1.00%
CR INVESTMENTS PTY LTD	6,809,720	0.73%
PETER BOWMAN NOMINEES PTY LTD	6,382,800	0.68%
JP MORGAN NOMINEES AUSTRALIA PTY LTD	5,186,859	0.56%
MR ROGER SING-LEONG KWOK & MS CATHERINE SIOK-CHIN TAN	4,909,613	0.53%
HSBC CUSTODY NOMINEES (AUSTRALIA) PTY LTD	4,163,172	0.45%
KEE KHOO SEAH	3,510,000	0.38%
MR GEOK KHIM GOH	2,700,000	0.29%
KALGOORLIE MINING COMPANY LIMTED(DISSENTERS TRUST)	2,122,990	0.23%
DR DIANMIN CHEN	1,726,043	0.19%
RANAM INVESTMENTS PTY LTD	1,666,064	0.18%
MS DONGXIN YU	953,642	0.10%
MR JASON PETERSON & MRS LISA PETERSON	837,000	0.09%
MR KWANG HOU HUNG	695,000	0.07%
MS NICOLE GALLIN & MR KYLE HAYNES	594,000	0.06%
PACKAGING PROCESSORS (NSW) PTY LTD	552,800	0.06%
	890,829,776	95.60%

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

Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage of issued shares
Ordinary shares		
Zijin Mining Group Co,. Ltd	768,090,563	82.43

Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.

glossary

$	Australian dollars (unless otherwise noted)
Australian dollar	Currency of Australia
ASX	Australian Securities Exchange
CIP	Carbon-in-Pulp. A method of gold treatment whereby gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry then passes into the CIP circuit where carbon granules are mixed with the slurry and gold is adsorbed on to the carbon. The granules are separated from the slurry and treated in an elution circuit to remove the gold
CY	Calendar year 2013
FY	Financial year ending 31 December
g/t	The quantity of gold contained within a unit weight of gold-bearing material generally expressed in grams per metric tonne (g/t)
Head grade	The grade of material fed into the processing plant
Indicated Mineral Resource	As defined under the JORC Code (2004 or 2012 Editions, as applicable)
Inferred Mineral Resource	As defined under the JORC Code (2004 or 2012 Editions, as applicable)
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
Koz	Thousand ounces
Kt	Thousands tonnes
Life of Mine (LoM)	Number of years that the operation is planning to mine and treat ore
Mineral Resource	As defined under the JORC Code (2004 or 2012 Editions, as applicable)
Moz	Million ounces of gold
Mt	Million tonnes
Ore grade	The physical measurement of the characteristics of the material of interest in samples or products
Ore Reserve	As defined under the JORC Code (2004 or 2012 Editions, as applicable)
Oz	Ounces
Pa	Per annum
Prestrip	The amount of waste to be removed before the ore body can be accessed
Probable Mineral Resource	As defined under the JORC Code (2004 or 2012 Editions, as applicable)
Proven Mineral Resources	As defined under the JORC Code (2004 or 2012 Editions, as applicable)
Quartz veins	A finite volume of Quartz within a rock vein
Recovery	Refers to the percentage of the material of interest that is extracted during mining and/ or processing. A measure of mining or processing efficiency. Also commonly referred to as 'yield'
sq km	Square kilometres
Strike	The direction on surface of an outcropping rock unit or structure
Strip ratio	The ratio of waste tonnes to ore tonnes mined calculated as total tonnes mined less ore tonnes mined divided by ore tonnes mined.

corporate directory

Share registry

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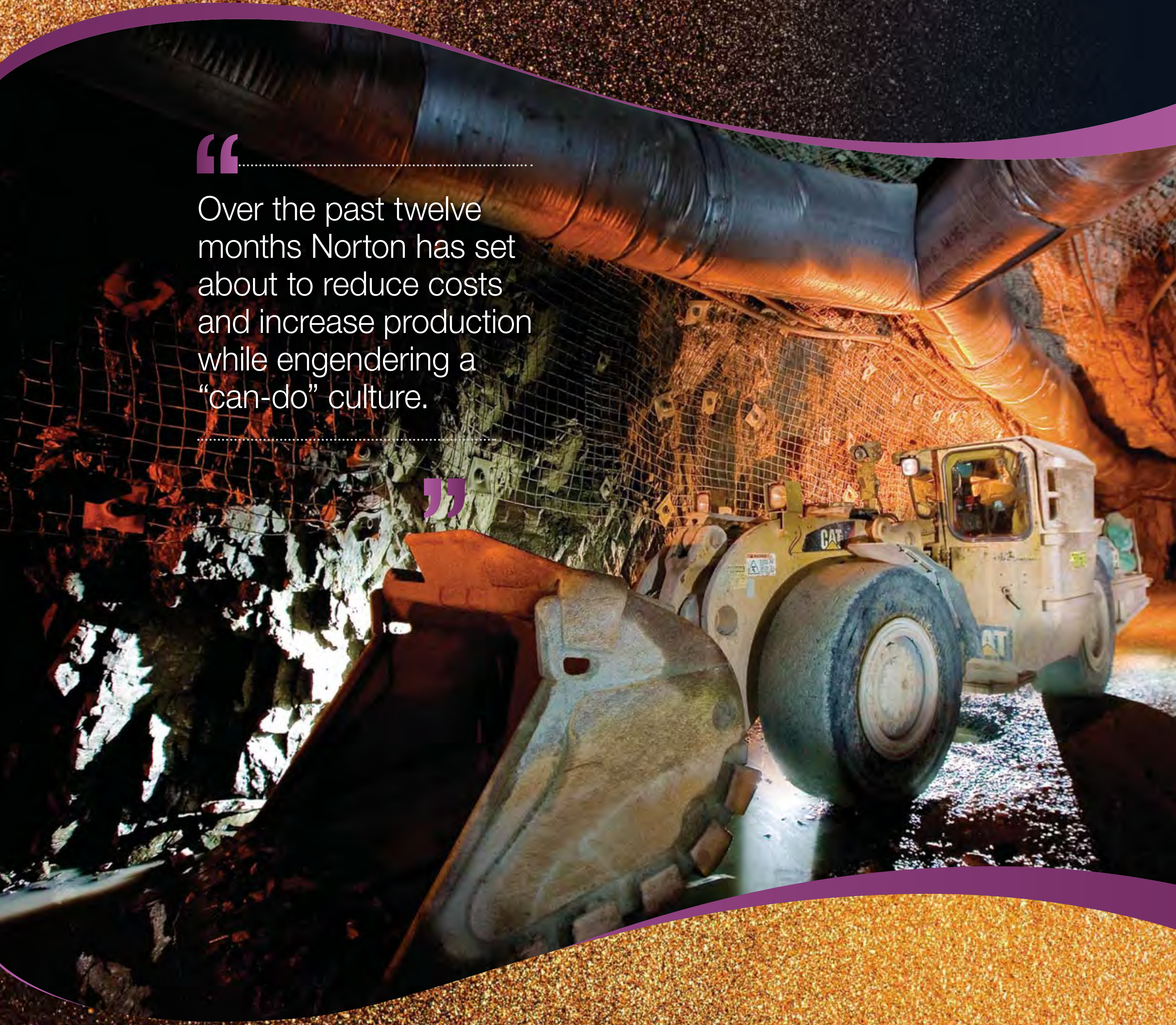

> "Over the past twelve months Norton has set about to reduce costs and increase production while engendering a "can-do" culture."

NORTON GOLD FIELDS
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Mother Nature puts on a show at Mt Pleasant.
Photo taken by Daniel Roissetter, Excavator Operator, Paddington Operations.