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## December 2014 Quarterly Activities Report

### Year Ends on a High

Paddington Operations	ANNUAL Jan - Dec 2014 Guidance	ANNUAL Jan - Dec 2014 Actual	3-MONTHS Oct - Dec 2014 Actual
<b>Gold Production (oz)</b>	176,000 - 184,000oz	<b>178,269oz</b>	<b>50,398oz</b>
<b>C1 Cash Cost per Ounce</b>	\$870 - \$930/oz	<b>\$888/oz</b>	<b>\$783/oz</b>

“During 2014 we shored up our efforts to reduce costs and increase production, resulting in record gold production for the second successive year along with the lowest C1 cash costs since July 2009” stated Norton Gold Fields Limited Managing Director and Chief Executive Officer, Dr Dianmin Chen. “Thanks go to our employees for the discipline shown in controlling costs and driving new production benchmarks”.

Paddington Operations processing and maintenance teams continued improvements and innovations, propelling the processing plant to a record 3.72 million dry tonnes milled.

In parallel Norton was able to build on its growth aspirations during 2014 successfully taking over Bullabulling Gold, signing a long term mill allocation with Excelsior Gold, purchasing the Mount Jewell project, taking up the licence to mine option at Phoenix Gold's Castle Hill project and ultimately taking a strategic stake in Phoenix Gold; and on 13 January 2015, Norton announced it had received a non-binding, conditional and indicative proposal from its major shareholder Zijin Mining Group Co., Ltd to acquire all of the issued securities that it does not already own.

As we enter 2015 Norton remains committed to safely deliver on our goals and maintaining our enthusiasm to further drive increased production, cost control and growth.

### HIGHLIGHTS

- Gold production of 50,398oz for December 2014 Quarter.
- Record YTD gold production of 178,269oz – an increase of more than 17% in 2 years.
- Record YTD milling of 3.72M dry tonnes milled.
- Record low C1 cash costs of \$783/oz for December 2014 Quarter (\$888/oz YTD).

#### About Norton

Norton Gold Fields Limited (ASX:NGF) is an established mid-tier gold producer. In CY2014, Norton produced 178,269 ounces of gold from its open cut and underground operations at Paddington, near Kalgoorlie in Western Australia. The Company holds extensive granted mining and exploration leases in the pre-eminent Kalgoorlie goldfields, with a land package of 715km<sup>2</sup>. Norton's Vision is to be a leading long term gold producer and to achieve this has adopted a business model that seeks to attain sustainable and increased production within a strict cost control environment.

## **Safety & Environment**

Two lost time injuries (LTI) were recorded during the quarter. In October, a contractor sustained a crush injury to his finger whilst undertaking road train repairs and in early December a contract driller sustained an injury to his hand whilst diagnosing a fault with a proximity sensor. As a result the Company's Lost Time Injury Frequency Rate (LTIFR) rose to 4.1 in December 2014 (down from 7.2 in December 2012 and 4.4 in December 2013). We continue to work towards realising our goal of Zero Harm.

Following several incidents in the Western Australian goldfields, as a proactive measure the use of tilt tray vehicles at Paddington Operations has ceased. Risk assessments and review of safe methods of use have commenced with outcomes to be communicated internally in due course. A safety alert was distributed through the Chamber of Mines & Energy Eastern and North Eastern Regional Councils.

The Paddington Operations Mines Rescue Team competed in the Chamber of Mines & Energy's Underground Mine Emergency Response Competition in November 2014. The team placed 2<sup>nd</sup> in Fire Fighting, Overall First Aid and the Incident Management Scenario and 3<sup>rd</sup> overall. The result was again testament to the hard work and enthusiasm shown by all members of the team.

There were no reportable environmental incidents during the quarter.

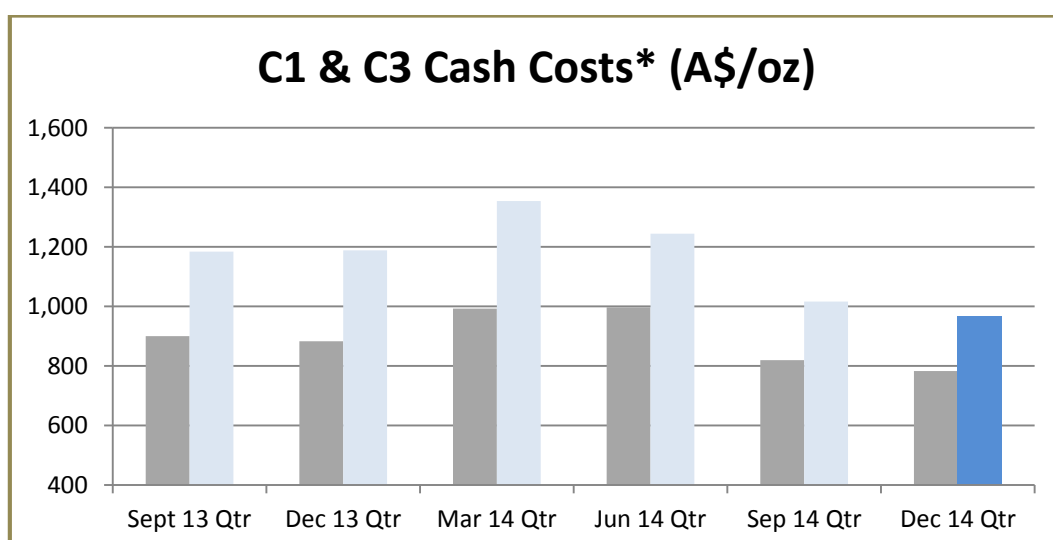
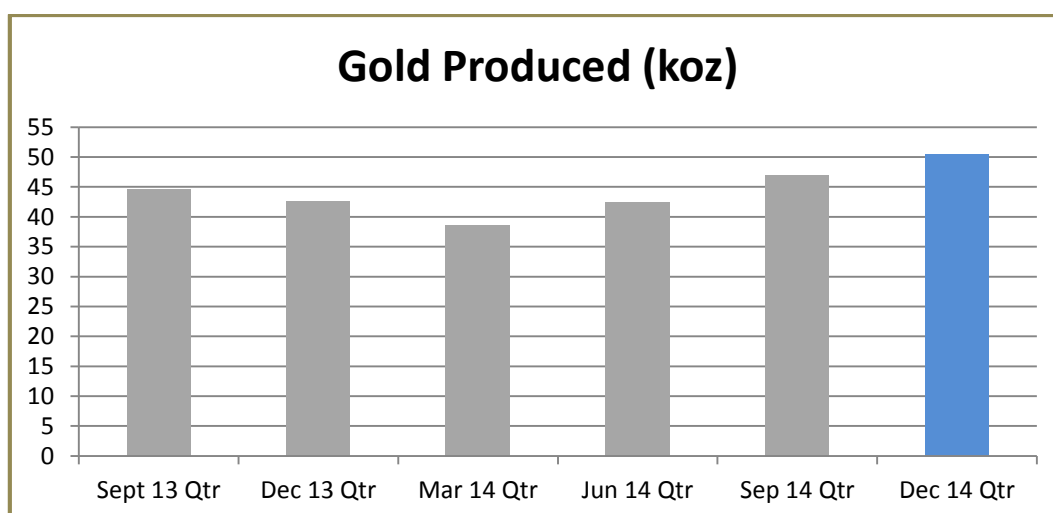


Photograph courtesy of the Chamber of Minerals and Energy of WA and Department of Mines and Petroleum

## Paddington Operations

### Summary

- During the December 2014 Quarter 50,398oz of gold was produced (50,872oz of gold was shipped).
- Gold shipped for the full year 2014 was 177,727oz (178,269oz of gold produced); within production guidance levels announced to the ASX on 26 February 2014. **This represents record gold production for Paddington Operations (since being acquired by Norton in 2007).**
- During the December 2014 Quarter the Paddington Mill processed 935,342 tonnes of ore at a 1.90 g/t head grade with 88% recovery. YTD the Paddington Mill processed 3,724,748 tonnes of ore at a 1.68 g/t head grade with 89% recovery. This is record annual throughput.
- The December 2014 Quarter C1<sup>^</sup> cash cost was \$783/oz. **This represents the lowest C1 cash cost since July 2009, a reflection of Norton's dual strategy to reduce costs while increasing production.** YTD C1<sup>^</sup> cash cost was \$888/oz.

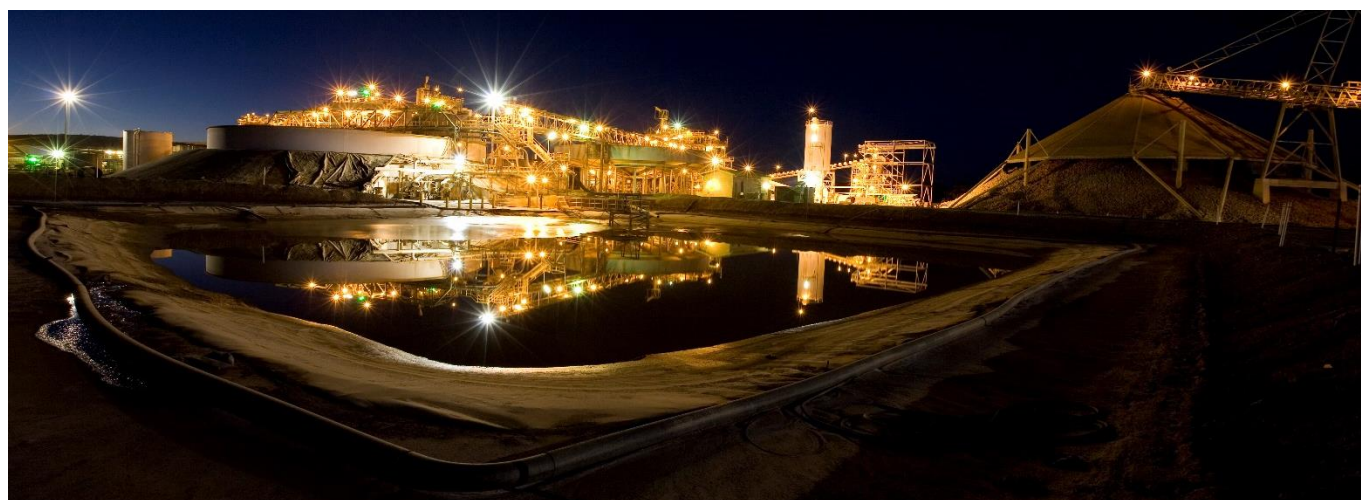


\* Refer to page 6 for a definition of C1 cash cost per ounce



Capital expenditure for the December 2014 Quarter (excluding exploration) was \$2.145M. Exploration costs for the quarter were \$3.947M.

Exploration drilling programs for the December 2014 Quarter comprised a total of 24,691 metres. Please refer to the December 2014 Exploration Update to be released later this month for further details.



### Open Cut Mining

Mining continued at Enterprise (Stages 1, 2 and 3) and Wattlebird open cut mines. Mining of Enterprise Stage 1 was finalised during December. Increased productivity has seen unit costs per bcm reduced to \$5.28 in December 2014 (from \$8.02 in December 2012 and \$6.20 in December 2013).

Total ore tonnes mined during the quarter were 414 thousand tonnes (kt) with 2,974,462 tonnes mined full year 2014.

Open pit haulage costs were reduced from \$2.02 per bcm in the September Quarter to \$1.42 per bcm in the December Quarter. Fleet modifications have improved payload performance and overall productivity of the 777 fleet. Improved waste dump management and modifications to haulage routes have reduce cycle times for the 789 fleet.

Business improvement measures to optimise production levels in open pits have seen a measurable increase against budget. Focus for 2015 will be looking to achieve measurable improvements in the areas of drill and blast, and haulage.

Open Cut	Dec 14 Qtr	Sept 14 Qtr	Jun 14 Qtr	Mar 14 Qtr	Dec 13 Qtr
<b>Volume mined (kbcm)</b>	<b>3,620</b>	2,808	2,864	2,288	2,975
<b>Ore tonnes (kt)</b>	<b>414</b>	559	701	1,300	690
<b>Mine grade (g/t)</b>	<b>1.52</b>	1.45	1.33	1.17	1.20

### Homestead Underground Mining

Homestead's development improvement project continued to advance, safely achieving the second best monthly gold production under Norton.

Incremental extensions to the Homestead mining plan and the extension of exploration at Bullant has prolonged development at both mines.

Ounces produced for the December 2014 Quarter were 14,828 ounces, exceeding budget.

Full year 2014 ounces produced were 59,178 ounces, 5,615 ounces above budget.

### Bullant Underground Project

The extension of exploration at Bullant and incremental extensions to the Homestead mining plan has prolonged development at both mines.

Bullant contributed 5,873 ounces in the December budget and 12,505 ounces for the Full year 2014, exceeding the full year budget by 8,881 ounces.



Underground	Dec 14 Qtr	Sept 14 Qtr	Jun 14 Qtr	Mar 14 Qtr	Dec 13 Qtr
<b>Ore tonnes (kt)</b>	<b>112</b>	113	88	80	70
<b>Mine grade (g/t)</b>	<b>5.77</b>	5.86	5.76	5.21	8.49
<b>Ore development (metres)</b>	<b>929</b>	1,077	1,183	1,190	1,258
<b>Capital development (metres)</b>	<b>502</b>	657	520	92	83

## Processing

During the December 2014 Quarter the Paddington Mill processed 935kt of ore at a 1.90 g/t head grade with 88% recovery. For the full year 2014 the Paddington Mill processed 3.725 million tonnes (Mt) of ore at a 1.68 g/t head grade with 89% recovery. **This record annual throughput is testament to the management and skill of the mining, production and maintenance teams at Paddington.**

Tonnes milled during the December 2014 quarter were 23.5% above budget. As a result, processing's total cost for 2014 was 10% below forecast, cost per tonne milled was 23% below forecast and cost per ounce gold poured was 31% below forecast. Business improvement measures to reduce maintenance downtime hours have also seen a substantial decrease against budget.

Cost savings were realised across a number of reagents due to metallurgical projects implemented during the quarter. These include flocculent, cyanide and lime.

50,872oz of gold was shipped during the December 2014 Quarter at an average gold price of \$1,429/oz. Gold shipped YTD was 177,727oz at an average gold price of \$1,448/oz.

Ore Processing		Dec 14 Qtr	Sept 14 Qtr	Jun 14 Qtr	Mar 14 Qtr	Dec 13 Qtr
<b>Ore milled</b>	<b>(kt)</b>	<b>935</b>	976	933	880	865
<b>Feed grade</b>	<b>(g/t)</b>	<b>1.90</b>	1.71	1.59	1.49	1.65
<b>Recovery</b>	<b>(%)</b>	<b>88%</b>	88%	89%	91%	93%
<b>Gold production</b>	<b>(oz)</b>	<b>50,398</b>	46,947	42,323	38,600	42,616
<b>Average gold price</b>	<b>(A\$/oz)</b>	<b>1,429</b>	1,431	1,469	1,476	1,498

## Costs

The C1 cash cost for the December 2014 Quarter was \$783/oz, significantly lower than previous quarters due to the continued effect of ongoing cost improvement initiatives and increased production. The C1 cash cost YTD was \$888/oz (below the midpoint of guidance announced to the ASX on 26 February 2014 of \$870 - 930/oz). C3 cash costs YTD were \$1,124/oz, a 10% improvement on 2013.

		Dec 14 Qtr	Sept 14 Qtr	Jun 14 Qtr	Mar 14 Qtr	Dec 13 Qtr
<b>C1 cash cost</b>	<b>(A\$/oz)</b>	<b>783</b>	819	997	993	883
<b>C2 production cost</b>	<b>(A\$/oz)</b>	<b>921</b>	970	1,179	1,296	1,145
<b>C3 total cost</b>	<b>(A\$/oz)</b>	<b>966</b>	1,016	1,244	1,342	1,188

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



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## **Other Projects**

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### **Bullabulling Gold Project**

Work progressed with the Feasibility Study, specifically focused on hydrogeology, open pit geotechnical and metallurgical test work studies.

There were two hydrogeology studies undertaken by Groundwater Resources Management. A total of eight RC holes were drilled to investigate the open pit hydrogeology of the proposed mining areas to determine dewatering conditions. A palaeochannel desktop study was completed into the resource and required extent of a borefield for bore water for processing.

Following are the findings and recommendations from the hydrogeology studies :

- Raw makeup water for the project is planned to be sourced from remote borefield(s) targeting a palaeochannel aquifer located 20-30 km's south and South-East of the mine.
- Permeability within the proposed open pits associated with discrete features (mainly lithological boundaries) and away from structural features permeability is low with low storage capacities.
- Predicted base inflows derived from the modelling vary from 12-16 L/sec with contingency for periodic increases.
- Dewatering open pits via sump pumping is expected to be the most suitable method of abstraction to achieve dry mining conditions.
- Draw down impacts are unlikely to be significant.

The open pit geotechnical study has been completed by Snowden. The study has determined the key set of slope design parameters for use in the mine design. The slope designs are based on the ground conditions anticipated and an acceptable risk profile from the test work results, Data was sourced from the April 2014 diamond drilling programme and the historical geotechnical information (prior open pit mining).

The metallurgical test work programme commenced in the quarter, with findings anticipated in Q1 2015.

### **Mount Morgan Mine**

Norton continues to work closely with the Queensland Department of Natural Resources and Mines (DNRM) and Carbine Resources Limited in line with the agreement on Carbine's testwork and study of the project.

The DNRM has approved the amended Plan of Operations and a Heritage Exemption has been obtained for a drilling program which is expected to commence Q1 2015 following satisfaction of safety management requirements. The DNRM has agreed to extend the Plan of Works timeline to incorporate this drilling program and its subsequent testwork.

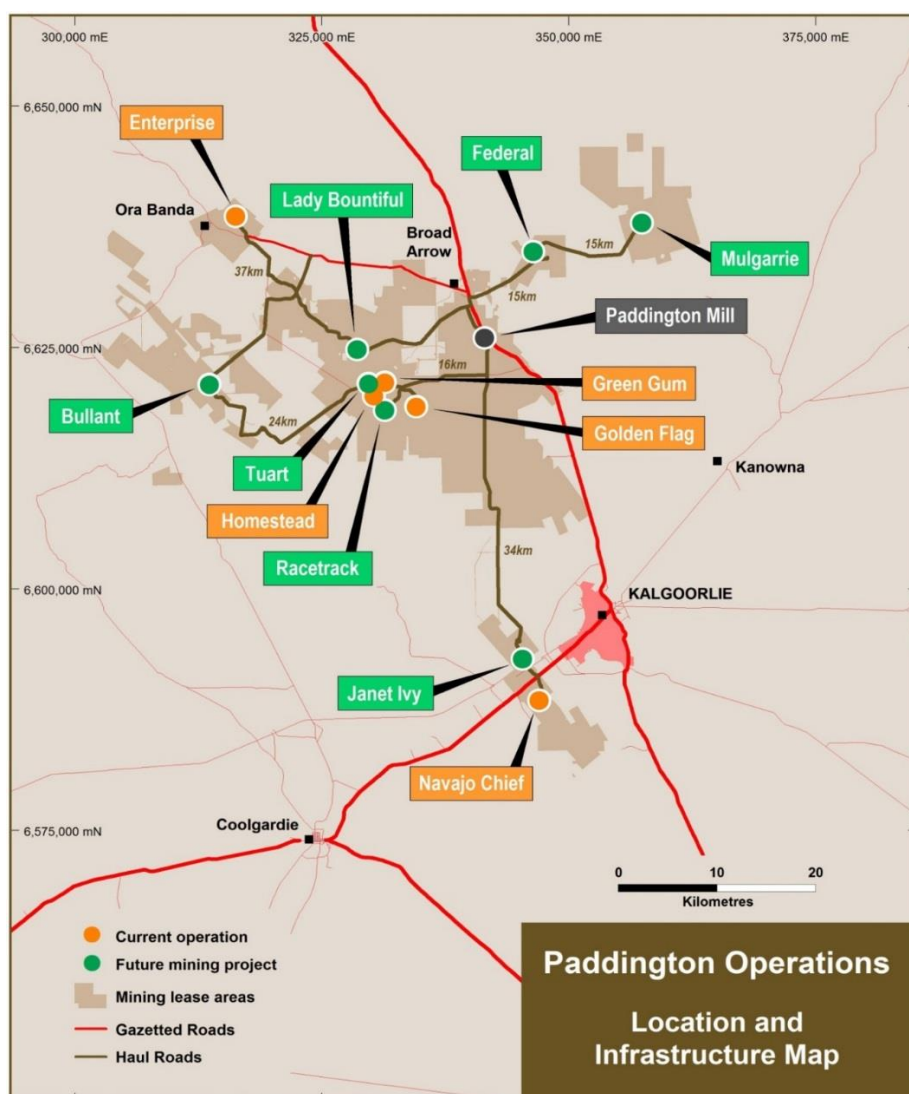
## Corporate

At the end of December 2014 Quarter, Norton had \$19M cash and cash equivalents in bank.

On 13 January 2015, Norton announced it had received a non-binding, conditional and indicative proposal from its major shareholder Zijin Mining Group Co., Ltd to acquire all of the issued securities that it does not already own for 20 cents per share.

An independent board committee, comprising Managing Director Dianmin Chen and Directors Noel White and Anne Bi, has been appointed to consider Zijin's proposal.

There is no certainty or guarantee that the proposal will progress into a formal offer and Norton shareholders do not need to take any action in relation to the proposal at this stage.



**Paddington Operations location map: mine sites and haul distances to the plant.**

**Background:** Paddington has conventional open cut and underground mining operations and a carbon-in-leach (CIL) processing operation with capacity to process in excess of 3.3Mt of ore annually. Located 35km north of Kalgoorlie, the Paddington Mill operates 24 hours a day, 365 days a year. Most staff live in Kalgoorlie, a major regional centre and excellent support hub for mining in the Goldfields.



### Corporate Directory

#### Board & Senior Management

##### Jinghe Chen

Non-Executive Chairman

##### Dianmin Chen

Managing Director  
& Chief Executive Officer

##### Anne Bi

Non-executive Director

##### Xuelin Cai

Non-executive Director

##### Noel White

Non-executive Director

##### Mark Braghieri

General Manager Bullabulling  
Project

##### Terry Moylan

General Manager Projects &  
Business Development

##### Steven Phan

Chief Financial Officer

##### Peter Ruzicka

General Manager Exploration

##### Guy Simpson

General Manager Technical  
Services

##### Cullum Winn

General Manager Paddington  
Operations

#### Company Secretary

##### Richard Jones

General Counsel / Company  
Secretary

#### Media Relations

Warrick Hazeldine / Annette Ellis  
Purple Communications  
Tel: +61 (8) 6314 6300

#### ASX Listed Share Capital

931,850,665 million ordinary shares

#### Presentation and Rounding

Unless stated otherwise, all dollars  
shown are Australian dollars.

#### YTD

YTD means 2014 calendar year to  
date

### Competent Persons Statement

The information in this report that relates to Mineral Resources is based on information compiled by Peter Ruzicka and Brad Daddow for Paddington, and Richard Sulway for Bullabulling. The information in this report that relates to Mineral Reserves is compiled 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. Brad Daddow is a member of the Australasian Institute of Geoscientists and a full-time employee of BM Geological Services PL, a consulting group to Norton Gold Fields Limited. Richard Sulway is a member of the Australasian Institute of Mining and Metallurgy, and a full-time employee of Snowden, a consulting group to Norton Gold Fields Limited.

Guy Simpson, Elizabeth Jones, Peter Ruzicka, Brad Daddow and Richard Sulway 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'. Guy Simpson, Elizabeth Jones, Peter Ruzicka, Brad Daddow and Richard Sulway all 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.

### Paddington Ore Reserve and Mineral Resource statement (gold) as at 30 September 2014

Reserve	Mt	g/t	Moz
Proven	1.32	1.49	0.06
Probable	17.69	1.77	1.01
Total	19.01	1.75	1.07
Resource	Mt	g/t	Moz
Measured	2.91	1.80	1.69
Indicated	74.74	1.38	3.32
Inferred	56.41	1.80	3.26
Total	134.05	1.57	6.75

### Bullabulling Mineral Resource statement (gold) as at 30 September 2014

Resource	Mt	g/t	Moz
Measured	-	-	-
Indicated	68.53	0.99	2.18
Inferred	26.82	1.20	1.03
Total	95.35	1.05	3.22

### Norton Gold Fields Consolidated Mineral Resource statement (gold) as at 30 September 2014

Resource	Mt	g/t	Moz
Measured	2.91	1.80	1.69
Indicated	143.27	1.19	5.50
Inferred	83.23	1.60	4.29
Total	229.40	1.35	9.96

### Mount Morgan Mineral Resource statement (gold) as at 31 December 2012

	Mt	g/t	Moz
Indicated	2.487	1.59	0.127
Inferred	5.861	1.07	0.199
Total	8.348	1.23	0.326

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#### Share Registry

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Tel +61 1300 554 474 (overseas)

Please direct shareholding  
enquiries to the share registry