

# Quarterly Production Report: March 2012

## About Norton

Norton Gold Fields Limited (ASX: NGF) is an established mid-tier, unhedged gold producer.

In FY2011, Norton produced approximately 152,000 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 693km<sup>2</sup>. The Paddington Operations have a current Mineral Resource of 6.0Moz, of which some 1.0Moz is classified as Reserves, for a mine life in excess of ten years.

Norton's growth will come from optimising existing operations and acquiring and developing resources.

For more information, please visit our website.

[www.nortongoldfields.com.au](http://www.nortongoldfields.com.au)

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**Tim Prowse**  
Non-Executive Chairman

**André Labuschagne**  
Managing Director

## HIGHLIGHTS

- Gold production ahead of target with C1 Cash Costs reducing
- Cash balance builds and debt reduces

## Paddington Operations

- Production of 41,056oz for the quarter and record monthly production in March of 18,390oz
- C1 Cash Cost at \$884/oz
- Mining completed at Blue Gum during the quarter with the project exceeding targets
- Promising early results from accelerated resource development and exploration program (separate report released)

## Corporate

- Unsolicited, non-binding, conditional proposal to acquire all shares in Norton received from major shareholder, Zijin Mining Group Co., Ltd
- Cash at bank of \$52.4M (excluding \$19.7M in cash backed security deposits)
- Debt reduced by \$5M to \$46.8M

## Production Guidance

- Production guidance of 150koz for FY2012 at \$970/oz C1 cash cost.

## Safety and environment

There was one lost time injury (LTI's) during the quarter, which is a significant turnaround from the December quarter (six LTI's), and is a reflection of the company re-emphasising the importance of working safely to its workforce and reinforcing this through additional behavioural based safety training and increased workplace safety observations. The company maintains its commitment to the continuous improvement of its Health, Safety, Environment and Community management programs.

## Paddington Operations

### Summary

Mid-tier Australian gold producer Norton Gold Fields (ASX:NGF) is pleased to announce a record monthly gold shipment of 18,390oz for March 2012. During the quarter, a total of 41,056oz of gold was shipped, up from 35,857oz in the December quarter.

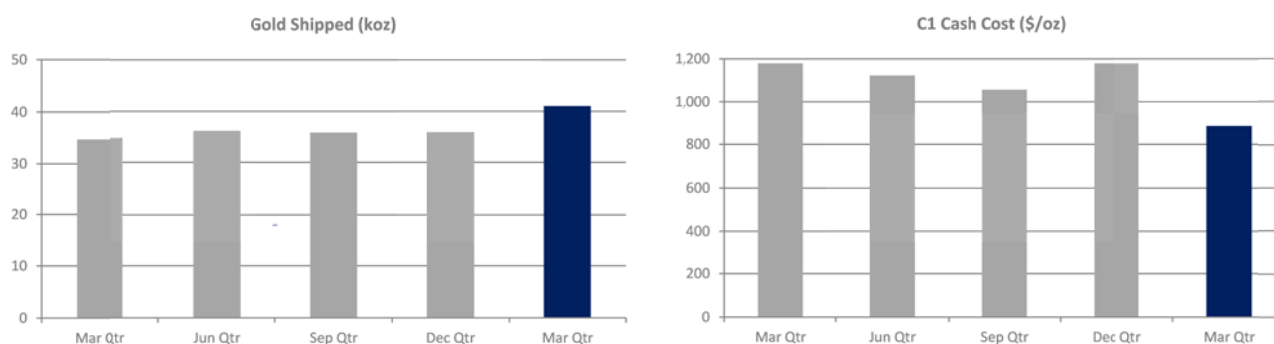
The 3.3Mtpa Paddington Mill, had another excellent quarter of utilisation and throughput. During the quarter, 914kt of ore was processed at 1.49g/t headgrade with 94% recovery.

Mining at the Blue Gum open cut mine was completed to schedule and delivered above plan in both ore tonnes (+85%) and ounces (+61%) . Pre-strip of Stage 4 at Navajo Chief commenced.

Homestead underground gold production was 31.9kt at 7.88g/t (8,089oz) compared to 50.5kt at 5.80g/t (9,411oz) in the previous quarter. The lower tonnes compared to the previous quarter was as a result of additional stope rehabilitation being required to try to minimise stope dilution issues caused by ground instability.

The March quarter C1<sup>^</sup> cash cost was \$884/oz (Dec Qtr \$1,180/oz) and was influenced by the higher feed grade to the Paddington Mill and the corresponding increase in production.

<sup>^</sup> Refer to page 5 for a definition of C1 cash cost per ounce



Capital expenditure (excluding exploration) was \$11.4M, comprising \$6.3M in underground mine development at Homestead, \$4.5M of pre-strip, predominantly at Navajo Chief, and \$0.6M on other capital projects. Exploration costs for the quarter were \$3.7M.

Exploration drilling programs comprised a total of 26,495 metres in 243 drill holes. Promising early results have been achieved in and around current resources at Homestead, Enterprise and Janet Ivy as well as at the early stage targets at Racetrack West and Mulgarrie North prospects. A separate update on exploration activities has been released.

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*Paddington Operations location map: Paddington 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 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.

### Open cut mining

Operations continued at the “base load” Navajo Chief open cut mine with ore production and pre-stripping of Stage 4 commencing. Activities at Janet Ivy were suspended as operations refocused on Navajo Chief. Janet Ivy will continue to be utilised on an “as needs” basis to supplement base load ore. Production at the Blue Gum “small mining project” was completed with the project delivering above plan. Actual tonnes mined were 369kt @ 2.44 g/t for 29koz compared to the original estimate of 200kt @ 2.79 g/t for 18koz. At the end of the quarter 234kt of ore from Blue Gum remains on stockpile to be treated over the next 5 months.

Total material moved at the three operations was 1,692 thousand bank cubic metres (kbcm) up from 1,609 kbcm in December quarter. The increase in ore production reflected the Blue Gum project moving from pre-strip to ore mining.

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## Quarterly Production Report: March 2012

Open cut		Mar 12 Qtr	Dec 11 Qtr	Sep 11 Qtr
Volume mined	(kbcm)	1,692	1,609	1,530
Ore tonnes	(kt)	1,200	1,042	777
Mine Grade	(g/t)	1.38	0.95	1.00

### Underground mining - Homestead mine

At the Homestead underground mine, mining focused on controlling dilution experienced in the previous quarters, resulting in an increased headgrade from 5.80 to 7.88 g/t. Production for the quarter was 31.9kt of ore at 7.88g/t for 8,089oz of gold.

Underground		Mar 12 Qtr	Dec 11 Qtr	Sep 11 Qtr
Ore tonnes	(kt)	32	50	49
Mine grade	(g/t)	7.88	5.80	7.34
Ore development	(metres)	214	503	513
Capital development	(metres)	834	415	343

**Background:** The Homestead underground mine is part of the Mount Pleasant Gold Camp 18km south-west of the Paddington Mill and 35km north-east of Kalgoorlie.

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

### Processing

Norton's ore processing plant, the 3.3Mtpa Paddington Mill, had another excellent quarter of utilisation and throughput. During the quarter, 914kt of ore was processed at 1.49g/t with 94% recovery.

Gold shipped was 41,056oz at an average gold price of A\$1,609/oz, compared to 35,857oz in the previous quarter at an average gold price of A\$1,653/oz.

Ore processing		Mar 12 Qtr	Dec 11 Qtr	Sep 11 Qtr
Ore milled	(kt)	914	971	892
Feed grade	(g/t)	1.49	1.22	1.33
Recovery	(%)	94%	94%	95%
Gold shipped	(oz)	41,056	35,857	35,780
Average gold price	(oz)	A\$1,609	A\$1,653	A\$1,612

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Quarterly Production Report: March 2012



**Costs**

The C1 unit cash cost of \$884/oz for the March quarter was an improvement of \$296/oz on the previous quarter. The main influence on the lower C1 cash cost was the low cost, higher grade ore from Blue Gum.

		Mar 12 Qtr	Dec 11 Qtr	Sep 11 Qtr	FY11
C1 cash cost	(\$/oz)	884	1,180	1,056	1,005
C2 production cost	(\$/oz)	1,112	1,440	1,304	1,166
C3 total cost	(\$/oz)	1,163	1,481	1,342	1,202

Norton adopts the Brook Hunt cost methodology, namely:

- <sup>1</sup> C1 cash cost represents the costs for mining, processing, administration, including accounting 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.
- <sup>2</sup> C2 production cost reflects C1 costs plus depreciation and amortisation. This brings in the capital cost of production.
- <sup>3</sup> 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. It represents a full production cost.

**Production Guidance**

FY2012 production is targeted at 150,000oz at a C1 cash cost of \$970/oz.

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## Mount Morgan Mine Project

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Norton continues to consider options for this project, including divestment.

The feasibility study outlines a two-stage approach. Stage 1 involves the production of gold only and Stage 2 involves the addition of a flotation circuit and the production of gold and a pyrite concentrate with copper and gold credits.

The Stage 1 plan involves relocating refurbished and reconfigured parts of the former Kundana mill, (acquired by Norton with the Paddington mine assets), from Kalgoorlie to Mount Morgan. The plant capacity of 1Mtpa is considered readily achievable for tailings feed. Average annual production over a projected 12 year mine life would be ~25koz of gold.

A 12 year project life is based on a JORC compliant Indicated Resource of 2.49Mt @1.60g/t Au and an Inferred Resource of 5.86Mt @1.07g/t Au. An additional mineral inventory of more than 4Mt is expected to be sourced from former mine waste material.

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## Corporate

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At the end of March 2012, Norton had \$52.4M cash at bank, up from \$44.4M at the end of December. The cash balance excludes an additional \$19.7M held in cash-backed environmental bonds. The company had a positive cashflow from operations, supported by the continued strong gold prices and increased gold shipments.

Tranche 2 (\$5.0M) of the proceeds from the coal asset sale (EPC 1033) was received during the quarter with the funds used for a debt prepayment for a corresponding amount. At the end of the quarter, the outstanding debt balance was \$46.8M. The debt reduction combined with the increased cash balance resulted in the company moving into a positive net debt position of \$5.6M at the end of the quarter.

After the end of the quarter, the company announced that it had received an unsolicited, non-binding and conditional proposal from its largest shareholder, Zijin Mining Group Co., Ltd (Zijin), for the purchase of the remaining shares in the company that Zijin does not currently own. Discussions to formalise this offer are progressing. Please see ASX announcement dated 3 April 2012 for further information.

### Presentation and rounding

All dollars shown are Australian dollar.

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## Corporate Directory

### Board & Executive Management

**Tim Prowse**

Non-Executive Chairman

**André Labuschagne**

Managing Director

**Anne Bi**

Non-executive Director

**Allen Wu**

Non-executive Director

**Xianhul Zeng**

Non-executive Director

**Robert Brainsbury**

Chief Financial Officer

**Terry Moylan**

General Manager Paddington

**Peter Ruzicka**

General Manager Geology and  
Exploration

**Ian Sheppard**

General Manager Technical and  
Business Development

### Co-company Secretary

Leni Stanley

Robert Brainsbury

### Media Relations

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### Share Capital

849.6 million ordinary shares

Nil listed options

12.0 million unlisted options.

### Quarterly Share Price Activity

	High	Low	Last
<b>2009</b>			
March	\$0.170	\$0.090	\$0.140
June	\$0.260	\$0.140	\$0.200
September	\$0.280	\$0.190	\$0.250
December	\$0.385	\$0.225	\$0.285
<b>2010</b>			
March	\$0.320	\$0.170	\$0.220
June	\$0.230	\$0.170	\$0.170
September	\$0.220	\$0.160	\$0.200
December	\$0.260	\$0.190	\$0.190
<b>2011</b>			
March	\$0.200	\$0.160	\$0.170
June	\$0.185	\$0.130	\$0.140
September	\$0.235	\$0.135	\$0.190
December	\$0.240	\$0.160	\$0.175
<b>2012</b>			
March	\$0.220	\$0.165	\$0.185

### Competent Persons Statement

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

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

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

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### Share Registry

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Tel 1300 554 474 (within Australia)  
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Please direct shareholding enquiries to the share registry.

### Paddington Ore Reserve and Mineral Resource Statement (gold) as at 31 December 2011

Reserve	Mt	g/t	Moz
Proven	0.8	1.33	0.04
Probable	15.3	1.97	0.96
Total	16.1	1.94	1.00

### Resource

Measured	Mt	g/t	Moz
Indicated	68.3	1.45	3.19
Inferred	41.6	2.01	2.70
Total	110.8	1.67	5.96

### Mount Morgan Mineral Resource Statement (gold) as at 30 June 2010

	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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### Paddington Resource Statement: Ore Reserve (31 December 2011)

Project	Proven			Probable			Total Reserve		
	Mt	g/t	oz	Mt	g/t	oz	Mt	g/t	oz
Enterprise				5.55	2.52	450,000	5.55	2.52	450,000
Janet Ivy				1.58	1.09	55,000	1.58	1.09	55,000
Green Gum				0.58	2.52	47,000	0.58	2.52	47,000
Blue Gum East				0.20	2.92	19,000	0.20	2.92	19,000
Homestead	0.05	10.2	16,000	0.14	8.96	41,000	0.19	9.28	57,000
Navajo Chief				3.68	1.06	125,000	3.68	1.06	125,000
Rose West				0.24	1.97	15,000	0.24	1.97	15,000
Golden Flag				0.26	2.50	21,000	0.26	2.50	21,000
Federal				1.73	1.88	105,000	1.73	1.88	105,000
Mulgarrie				0.64	3.53	73,000	0.64	3.53	73,000
Stockpiles	0.81	0.80	21,000	0.64	0.73	15,000	1.45	0.77	36,000
<b>Total Reserve</b>	<b>0.86</b>	<b>1.33</b>	<b>37,000</b>	<b>15.3</b>	<b>1.97</b>	<b>966,000</b>	<b>16.1</b>	<b>1.94</b>	<b>1,003,000</b>

\* Apparent arithmetic inconsistencies are due to rounding

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## Quarterly Production Report: March 2012

Paddington Resource Statement: Mineral Resource (includes Ore Reserve) (31 December 2011)

Project	Measured			Indicated			Inferred			Total Resource		
	Mt	g/t	oz	Mt	g/t	oz	Mt	g/t	oz	Mt	g/t	oz
Havana				4.29	1.69	233,000	0.26	1.73	14,000	4.55	1.69	247,000
Enterprise				10.3	2.27	749,000	5.10	1.75	287,000	15.4	2.10	1,037,000
Mulgarrie				1.05	3.22	109,000	0.44	2.72	39,000	1.49	3.07	147,000
Federal				3.74	1.92	231,000	2.99	2.10	202,000	6.73	2.00	433,000
Golden Flag				0.43	2.10	29,000	0.33	1.92	20,000	0.76	2.02	49,000
Mt Pleasant				2.81	2.42	219,000	8.47	2.95	803,000	11.3	2.82	1,021,000
Rose West				0.46	1.80	27,000	0.03	1.81	2,000	0.50	1.80	29,000
Natal							0.38	2.46	30,000	0.38	2.46	30,000
Janet Ivy				3.39	1.23	133,000	2.32	1.24	93,000	5.71	1.23	226,000
Jakarta				1.77	1.15	65,000	0.42	1.02	14,000	2.19	1.13	79,000
Green Gum				2.01	2.53	163,000	0.21	5.11	35,000	2.22	2.78	198,000
Blue Gum East				0.20	3.10	20,000	0.13	1.44	6,000	0.34	2.45	26,000
Homestead UG	0.07	22.6	49,000	0.11	15.6	55,000	0.09	12.6	38,000	0.27	16.5	142,000
Golden Kilometre							0.76	4.17	102,000	0.76	4.17	102,000
Tuart UG							0.74	6.00	142,000	0.74	6.00	142,000
Lady Bountiful Extension				2.82	1.72	156,000	1.43	1.73	79,000	4.25	1.72	235,000
Fort William				0.23	2.20	16,000	1.78	1.26	72,000	2.00	1.37	88,000
Fort Scott				0.32	2.08	21,000	0.13	1.26	5,000	0.45	1.84	27,000
Navajo Chief				15.8	1.01	511,000	3.17	1.08	110,000	18.9	1.02	621,000
Navajo Chief Low Grade				12.8	0.60	244,000	2.67	0.59	51,000	15.4	0.59	295,000
Apache							0.63	1.67	34,000	0.63	1.67	34,000
Ben Hur (1,2,3)				3.60	1.20	139,000	5.68	2.08	381,000	9.29	1.74	520,000
Pitman South							0.10	2.20	7,000	0.10	2.20	7,000
Walsh & Walsh North							0.42	1.77	24,000	0.42	1.77	24,000
Matts Dam							0.34	1.47	16,000	0.34	1.47	16,000
Porphyry				1.66	1.09	58,000	0.68	1.25	27,000	2.34	1.14	85,000
Liberty West							0.54	1.94	34,000	0.54	1.94	34,000
Stockpiles	0.81	0.80	21,000	0.64	0.73	15,000	1.37	0.65	29,000	2.82	0.71	65,000
<b>Total Mineral Resource</b>	<b>0.88</b>	<b>2.49</b>	<b>70,000</b>	<b>68.3</b>	<b>1.45</b>	<b>3,195,000</b>	<b>41.6</b>	<b>2.01</b>	<b>2,696,000</b>	<b>110.8</b>	<b>1.67</b>	<b>5,961,000</b>

\* Apparent arithmetic inconsistencies are due to rounding