



# Quarterly Production Report December 2012

## About Norton

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

In FY2012, Norton produced approximately 151,000 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 678km<sup>2</sup>. The Paddington Operations have a current Mineral Resource of 6.2Moz, of which some 1.1Moz 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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**Jinghe Chen**  
Non-Executive Chairman

**Dianmin Chen**  
Managing Director  
& Chief Executive Officer

## HIGHLIGHTS

- **Gold production of 34,101oz for December quarter (70,173oz YTD)**
- **US\$105M credit facility secured**
- **Executive team strengthened**

### Paddington Gold Mine

- ✓ **Production of 34,101oz for the December quarter, average gold price received of A\$1,641/oz**
- ✓ **Production of 70,173oz for 6 months financial year ending 31 December 2012**
- ✓ **C1 Cash Cost of A\$1,377/oz**
- ✓ **First ore mined from Violet and Green Gums open pits**
- ✓ **Mining commences under Catherwood right to mine**

### Corporate

- ✓ **US\$105 million credit facility secured to fund growth**
- ✓ **Richard Jones appointed as General Counsel and Joint Company Secretary and Steven Phan appointed as Chief Financial Officer**
- ✓ **Principal place of business moved from Brisbane, Queensland to West Perth, Western Australia**



## Safety & Environment

During the December 2012 quarter there were no lost time injuries.

The Company continues to work towards its goal of Zero Harm: *Minimising potential harm to people, the environment and communities in which we operate.*

The safety leadership and behaviour model put into place in the last six months of 2012 is paying dividends with increased visible leadership from the management team and a significant reduction in Paddington's lost time injury frequency rate.

Paddington Operations Mines Rescue Team won the 2012 Chamber of Minerals and Energy's annual 'Underground Mine Emergency Response Competition' held during November 2012 at KCGM's Mount Charlotte Mine. 14 teams displayed their skills in a variety of emergency scenarios including breathing apparatus skills, search and rescue, firefighting, rope rescue, first aid and team skills. An excellent result considering this was only the team's second year competing.

There were no reportable environmental incidents.

Norton is well positioned to continue to improve energy efficiency around site and continues to seek new innovative opportunities. Energy Efficiency reports were submitted during the quarter for financial year 2011/12, with a number of opportunities identified for improving energy efficiency. A copy of the report is available on our website.



*Paddington Gold's winning Mines Rescue Team  
Photos courtesy of The Chamber of Minerals and Energy Inc*

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## Paddington Gold Operations

### Summary

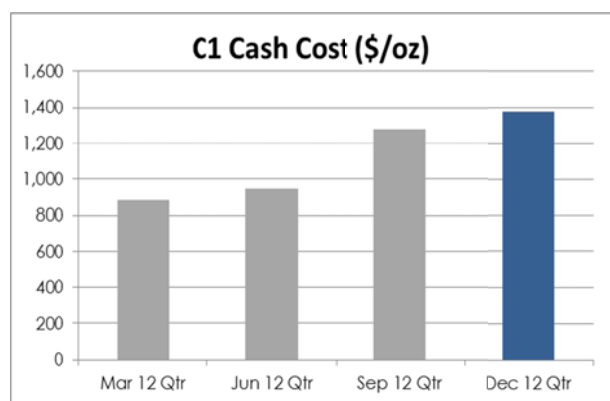
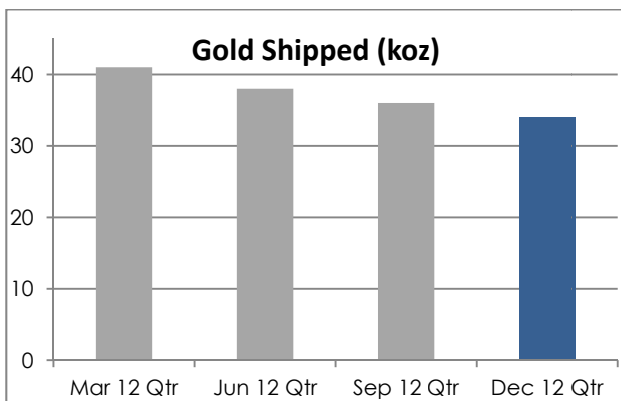
During the quarter, 34,101 oz of gold was shipped. Gold production for the 6 month year ending 31 December was 70,173oz.

The Paddington Mill processed 800kt of ore at a 1.44g/t head grade with 93% recovery.

Mining commenced at the Green Gums and Violet open cut mines with first ore delivered in November 2012.

The Catherwood right to mine agreement commenced in December 2012.

The December quarter C1<sup>^</sup> cash cost was \$1,377/oz.



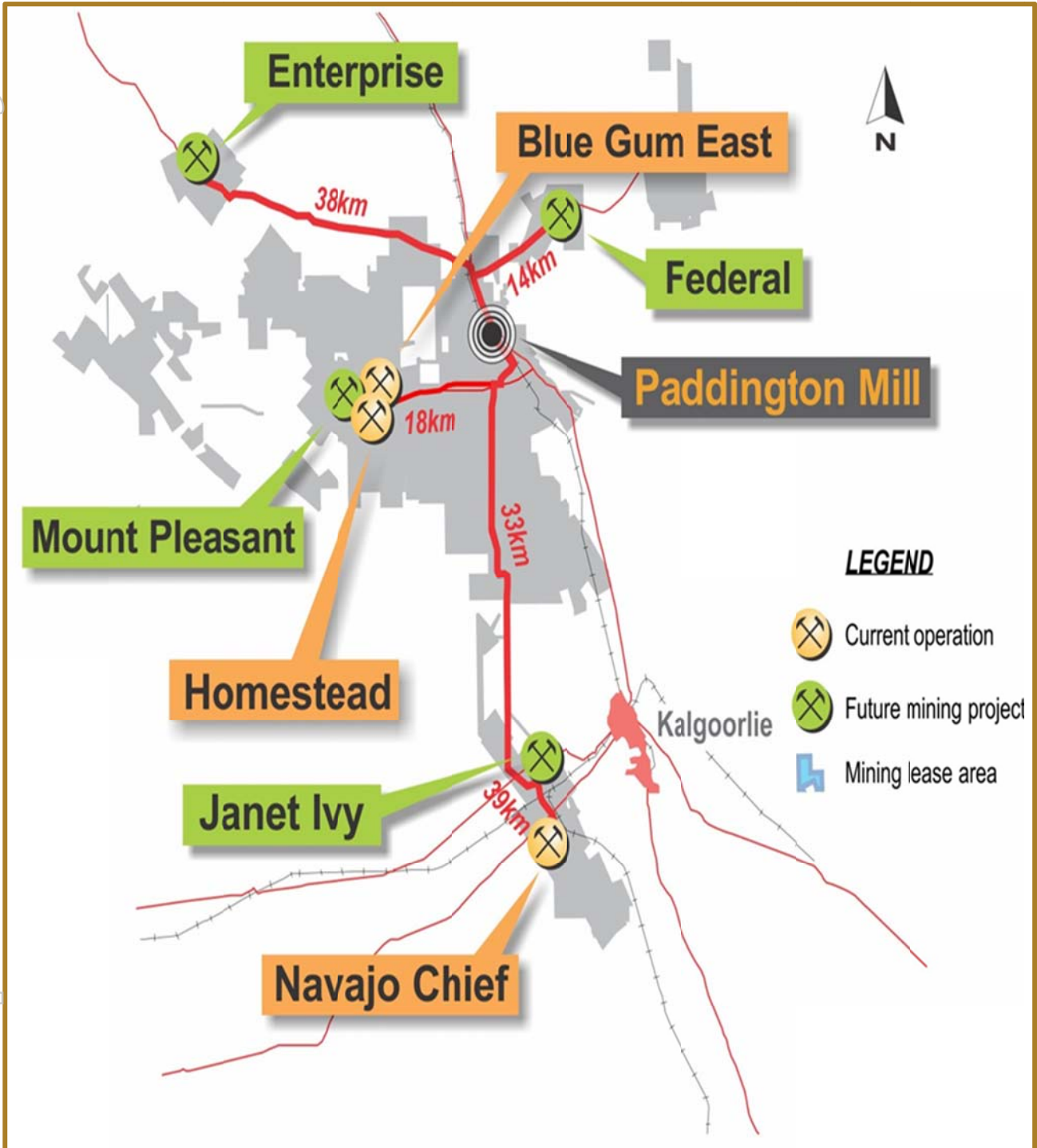
<sup>^</sup> Refer to page 7 for a definition of C1 cash cost per ounce

Capital expenditure (excluding exploration) was \$13.9M, comprising \$4.0M in underground mine development at Homestead, \$7.9M towards pre-stripping of new open cut operations, and \$2.0M on other capital projects. Exploration costs for the quarter were \$4.6M.

Exploration drilling programs for the quarter comprised a total of 16,754 metres. The accelerated exploration drilling program that commenced in January 2012 continues to provide promising results. Please refer to the December 2012 Exploration Update for more details.



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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 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

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### Open cut mining

Operations for the quarter focussed on Stage 4 ore production at the "base load" Navajo Chief open cut mine, Green Gums, Violet and Catherwood open cut mines.

First ore from the two new open cut mines, Green Gums and Violet, was mined in November and December 2012 respectively. These two projects were delayed in the quarter as government approvals took longer than anticipated. Violet is reconciling well to date and delivering higher grades than originally planned. The productivities and mine plan at both mines have been increased to ensure delivery of higher grade ore earlier in the mining schedule.

Mining also commenced under the right to mine agreement at the Catherwood open cut mine that was finalised during the quarter with Phoenix Gold Limited.

Total material moved for the quarter was 2,317 thousand bank cubic metres (kbcm), significantly higher than the previous quarter reflecting the continuous pre-stripping activities at new open cut mines.

Ore tonnes at 577kt were higher than previous quarter, however lower than expected due to high turnover of operators and adverse weather events.

Norton continues to build open pit projects in the Mount Pleasant Camp region to supplement HG oxide feed for Paddington Mill. We have established an operational infrastructure to drive existing operating mines as well as project growth in the Mount Pleasant Camp. Multiple pits in the Mount Pleasant Camp will provide synergies for the Paddington Operations.

Open Cut	Dec 12 Qtr	Sep 12 Qtr	Jun 12 Qtr	Mar 12 Qtr
<b>Volume mined (kbcm)</b>	2,317	1,503	1,362	1,692
<b>Ore tonnes (kt)</b>	577	466	800	1,200
<b>Mine grade (g/t)</b>	1.03	0.98	1.02	1.38

### Homestead underground mining

Production achieved a grade of 8.71g/t higher than expectations and up from previous quarters, given that the ore development metres have again increased on previous quarters. Tonnes mined slightly down from previous quarter still produced ounces above expectation.

The new discovery Blag Flag west vein situated between the current VN01 and Blag Flag continues to return promising results for future mining opportunities, please refer to our Exploration report for further detail

Underground	Dec 12 Qtr	Sep 12 Qtr	Jun 12 Qtr	Mar 12 Qtr
<b>Ore tonnes (kt)</b>	44	49	38	32
<b>Mine grade (g/t)</b>	8.71	7.97	8.32	7.88
<b>Ore development (metres)</b>	1,082	1,034	455	214
<b>Capital development (metres)</b>	521	415	538	834

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**Processing**

The Paddington Mill processed 800kt of ore at 1.44g/t achieving 93% recovery, down on previous quarters due to significant repairs carried out on the ball mill and the mill relining work which took place in quarter.

A routine inspection last quarter identified metal fatigue cracks in the ball mill feed end trunnion. Several shutdowns were carried out in October & November to monitor and carry out temporary repairs until a planned mill reline in mid-November at which time a more significant repair was carried out to the cracks in the trunnion. As a result of the additional shutdowns and repairs, the quarterly production output was impacted.

A new SG Iron mill head has been ordered with delivery scheduled for mid to late February 2013. Installation of the new mill head is planned for May 2013.

Gold shipped for the quarter was 34,101oz at an average gold price of A\$, 641/oz, compared to 36,072oz in the previous quarter at an average gold price of A\$,601/oz.

Ore processing		Dec 12 Qtr	Sep 12 Qtr	Jun 12 Qtr	Mar 12 Qtr
<b>Ore milled</b>	<b>(kt)</b>	800	848	902	914
<b>Feed grade</b>	<b>(g/t)</b>	1.44	1.40	1.42	1.49
<b>Recovery</b>	<b>(%)</b>	93%	94%	94%	94%
<b>Gold shipped</b>	<b>(oz)</b>	34,101	36,072	38,003	41,056
<b>Average gold price</b>	<b>(\$/oz)</b>	A\$,641	A\$,601	A\$,594	A\$,609



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### Costs

The C1 cash cost for the December 2012 quarter was \$1,377/oz, higher than previous quarters due to lower ounces achieved, lower ore production tonnes which led to ore stockpile use, mill relining work carried out and significant repairs on the ball mill trunnion as described in the processing section of this report. During the quarter, the stock pile inventory value was impaired by \$11 million or \$323/oz.

		Dec 12 Qtr	Sep 12 Qtr	Jun 12 Qtr	Mar 12 Qtr
<b>C1 cash cost</b>	<b>(\$/oz)</b>	1,377	1,281	947	884
<b>C2 production cost</b>	<b>(\$/oz)</b>	1,733	1,613	1,291	1,112
<b>C3 total cost</b>	<b>(\$/oz)</b>	1,784	1,660	1,335	1,163

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.

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. It represents a full production cost, excluding any asset impairments. The cost methodology is a change from the previously adopted Brook Hunt cost methodology which normally includes impairment of assets. The impairment of inventory is not reflective of the current quarter results and therefore excluded from the C3 cash costs to be more comparable with previous quarters.

## Mount Morgan Mine Project

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

A presentation on the proposed program of works was provided to the Department of Natural Resources and Mines in November 2012. As a result the current Deed of Variation was extended for six months, to 30 June 2013.

Norton hosted the Darumbal People of Rockhampton at an event in November 2012 and donated books and equipment to support their childhood cultural education program. This program aims to preserve the Darumbal culture and local native language for future generations.

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## Corporate

At the end of December 2012, Norton had \$19M cash at bank, including \$11.5M credit facility draw down. The cash balance excludes an additional \$20.8M in cash backed environmental bonds

### **US\$105 million credit facility to fund growth**

The Company secured a US\$105 million credit facility through the Perth branch of ICBC (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 Company's major shareholder, Zijin Mining Group Co., Ltd.

The facility will be progressively drawn down to fund Norton's CY2013 capital spending requirements at its Paddington Operations, to repay the Company's \$38 million Zijin loan (please see Norton's ASX announcement of 11 January 2013), to fund ongoing exploration programs and to explore acquisition opportunities. The entire amount of the loan facility is expected to be drawn down by Q2 of CY2013.

### **Appointments**

The Company continued to strengthen its Executive team with the appointment of Mr Richard Jones as General Counsel and joint Company Secretary and Mr Steven Phan as Chief Financial Officer.

### **Move to new offices**

Norton moved its principal place of business to Level 2, 16 Altona Street, West Perth, WA 6005. Moving the principal place of business brings the corporate office closer to the Company's Paddington operations near Kalgoorlie eliminating any logistical aspects previously encountered when acting across different time zones. The West Perth offices are temporary, as Norton has secured an office in the Perth CBD.

### **Presentation and rounding**

Unless stated otherwise, all dollars shown are Australian dollars.



## Corporate Directory

### Board & Senior Management

**Jinghe Chen**

Non-Executive Chairman

**Dianmin Chen**

Managing Director  
& Chief Executive Officer

**Anne Bi**

Non-executive Director

**Tim Prowse**

Non-executive Director

**Hanjing Xu**

Non-Executive Director

**Steven Phan**

Chief Financial Officer

**Cullum Winn**

General Manager Paddington

**Terry Moylan**

General Manager Projects & Business  
Development

**Peter Ruzicka**

General Manager Exploration

**Guy Simpson**

General Manager Technical Services

### Co-company Secretary

**Richard Jones**

**Leni Stanley**

### Media Relations

Warrick Hazeldine/Annette Ellis  
Purple Communications  
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### Share Capital

861.6 million ordinary shares

Nil listed options

### Quarterly Share Price Activity

2010	High	Low	Last
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
2011			
March	\$0.200	\$0.160	\$0.170
June	\$0.185	\$0.13	\$0.140
September	\$0.235	\$0.135	\$0.190
December	\$0.240	\$0.160	\$0.175

### 2012

March	\$0.220	\$0.165	\$0.185
June	\$0.245	\$0.185	\$0.235
September	\$0.255	\$0.160	\$0.195
December	\$0.220	\$0.190	\$0.190

### 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 Elizabeth Jones. 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.

Peter Ruzicka, Ian Paynter and Elizabeth Jones are all members of the Australasian Institute of Mining and Metallurgy and 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.

Ian Paynter, Elizabeth Jones, Peter Ruzicka and Andrew 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'. Ian Paynter, Elizabeth Jones, 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.

### 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") 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 consented to the resource report in the form and context in which it appears.

### Paddington Reserve and Resource statement (gold) as at 31 December 2012

Reserve	Mt	g/t	Moz
Proven	0.93	1.43	0.04
Probable	21.9	1.54	1.08
Total	22.8	1.53	1.12

### Resource

Measured	0.90	2.02	0.06
Indicated	74.8	1.37	3.29
Inferred	47.1	1.87	2.84
Total	122.9	1.57	6.19

### Mount Morgan 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 (2) 8280 7111 (overseas)

Please direct shareholding  
enquiries to the share registry

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