



ASX/MEDIA ANNOUNCEMENT

8 April 2009

Homestead underground mine development begins at Paddington

Key points

- ▷ Homestead being developed, expect to be producing by December 2009
- ▷ Will lift overall production at Paddington to >200,000 oz pa in FY2011; will contribute approximately 30,000 oz in FY2010 and 65,000 oz in FY2011
- ▷ Capital cost of \$13.1M funded by operating cash flow; total cash cost <\$600 per oz
- ▷ Contractor appointed for 7 months of decline development
- ▷ Initial mine plan is for 101,000 oz from 428,000 tonnes of ore at 7.4 g/t
- ▷ Upside via resource development; 8 to 10 yr underground project pipeline anticipated.

Norton Gold Fields Limited (**Norton**) (ASX code: **NGF**) today announced it has begun development of the Homestead underground gold mine.

Profitable high grade underground mine development

Homestead is planned to contribute 29,000 oz in FY2010 and 65,000 oz in FY2011 with first ore to be delivered in December 2009. Paddington's production is expected to lift from the current 150,000 oz pa from open cut operations to over 200,000 oz pa in FY2011.

Estimated total cash cost of \$598 per oz includes \$13.1M capital costs for initial development and infrastructure, \$1.25M of which has been expended on acquiring infrastructure assets from a recently closed nickel mine.

At a gold price of A\$1,100 per oz the project has an expected NPV of A\$35.1M (discounted cashflow at 15%). Development will be funded from Paddington's operating cash flow.

The mill feed grade from Homestead is planned at 7.4 g/t.

Use of existing infrastructure minimises development costs

Access to the ore body will be from a twin decline 1,300 metres from a portal in the depleted Quarters open cut mine. Twin declines enable increased production capacity, improved ventilation and a dual means of egress during development and mining versus a spiral decline from the depleted Homestead open cut mine.

The design enables use of existing Quarters infrastructure and facilities including a workshop, piping, electrics and portal site. This will help minimise capital cost and project complexity.

The Resource is a look-alike to Quarters

Homestead has a Probable Ore Reserve of 428,000 tonnes at 7.4 g/t. The deposit is open at depth and along strike and has a number of parallel structures that require further exploration to prepare for mining.

Mineralisation is hosted in quartz veins similar to those in the now depleted Quarters Mine which is 1 km to the north and in the same geological setting and which produced 339,000 oz of gold at a grade of 6.2 g/t from underground operations.

Contract mine development

A dedicated team has been formed to manage the project. Homestead is a relatively low risk underground development. Operational risks, as distinct from general project risks, will be minimised by using mining techniques established as good practice in the goldfields, and by a strong emphasis on safety management during development and operations.

The Company has appointed Pybar, a NSW-based contractor, to develop the declines to the ore body. Pybar has an extensive client base that includes Xstrata at Mount Isa, Newcrest at Cadia and Perilya at Broken Hill. Decline development is planned to take seven months.

Integration with Paddington operations

The addition of an underground project to Paddington will broaden the Company's operational capability. The high grade ore de-risks the open cut base load feed by increasing gold output at an improved margin. The profitability of Homestead is enhanced with Paddington's efficient and low cost 3.3 Mtpa gold processing plant, fed largely from base-load open cut ore.

Pipeline of underground projects

Homestead is part of the Mount Pleasant Gold Camp, 18 kilometres from the Paddington mill. The camp encompasses several deposits to be developed in series that are expected to deliver up to 100,000 oz pa of gold for 8-10 years.

The design potentially opens up adjacent areas for underground development. Other prospects such as Tuart (400 metres from the decline), Marlock, Golden Kilometre, Green Gums and Homestead Extension are nearby.

"Homestead is one of our most promising project areas in terms of the quality and quantity of the resource and its potential to contribute to profitable operations".

"Development of an underground mine pipeline is central to our goal of making Paddington a great long-life and highly profitable mine," Managing Director, Jon Parker, said.

About Norton Gold Fields

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

The Company produces around 150,000 oz of gold per year from its Paddington Gold Mine near Kalgoorlie, Western Australia. Output is expected to increase towards 200,000 oz pa during FY2010 with the planned development of Homestead underground mine.

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

Completion of Homestead and Mount Morgan mines will drive total gold production to 230,000 to 250,000 oz pa from late 2010 as well as diversify the production source.

For further information

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Visit us at www.nortongoldfields.com.au

Competent Person's Statement

The Homestead Ore Reserve estimate was compiled by Mr Ian Copeland who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Copeland has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Ian Copeland was a full time staff member of Norton Gold Fields and consents to the inclusion in the release of the matters based on the information in the form and context in which it appears.