Quarterly Report: September 2010

About Norton

Norton Gold Fields Limited is a mid-tier ASX-listed unhedged gold producer.

In 2010, Norton produced 140,436 oz of gold from its open cut and underground operations at Paddington near Kalgoorlie in Western Australia. The Paddington operation includes a 3.0 Mtpa processing facility. To optimise this facility Norton toll treats ore in addition to processing its ore from its own tenements.

The Company holds mining and exploration leases in the Kalgoorlie region in excess of 1,100 km^2 and has Resources of around 5.5 Moz, of which more than 1.2 Moz are classified as Reserves. The current mine life is in excess of 10 years. Kalgoorlie is the pre-eminent gold region in Australia.

Norton continues to assess development options for its Mount Morgan Mine Project in Queensland. The project has the requisite regulatory approvals and, subject to suitable funding being arranged, can be in operation within 12 months and producing between 30,000 to 35,000 oz pa.

The Company's growth will come from optimising existing operations and acquiring, developing and operating assets.

Norton Gold Fields (ASX: **NGF**)

ACN: 112 287 797
79 Hope Street
South Brisbane Queensland 4101
Australia
Phone +61(0) 7 3846 9200
Fax +61(0) 7 3255 0344

www.nortongoldfields.com.au

Mark Wheatley
Chairman

André Labuschagne
Managing Director

Hedge removed, business re-positioned

KEY POINTS

Paddington Gold Mine

- **Production 41,586 oz; average price A$1,344/oz**
- **Sept Qtr cash operating cost of A$951/oz**
- **Moved into large, base load open cut mines**
  - **Navajo Chief: pre-stripping continued**
  - **Janet Ivy: mining re-commenced**
  - **Waldon: mining completed**
- **Reserve & Resource Statement updated:**
  - **Ore Reserve: 19.9Mt at 1.89 g/t containing 1.2Moz gold**
  - **Mineral Resource: 88.8Mt at 1.95 g/t containing 5.5Moz gold.**

Company

- **Unhedged gold producer after completion of Lehman's hedge settlement**
- **Strong cash position - $32.8M cash at bank**
  - **Paid $25M to redeem Convertible Notes & $10M to Lehman's for hedge settlement**
- **Partial redemption and conversion of the Convertible Notes, reducing debt by $38M**
- **Appointment of permanent Chairman, MD & CFO.**

Safety and environment

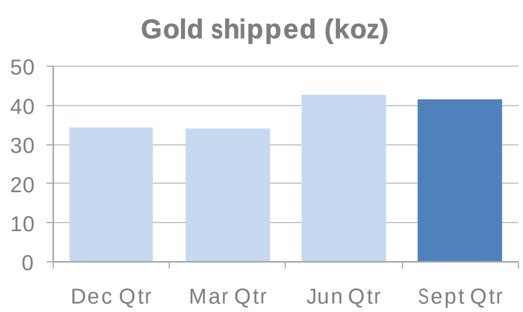
There were no lost time injuries during the Quarter. Norton is committed to achieving zero lost time injuries through its safety programs across its sites.

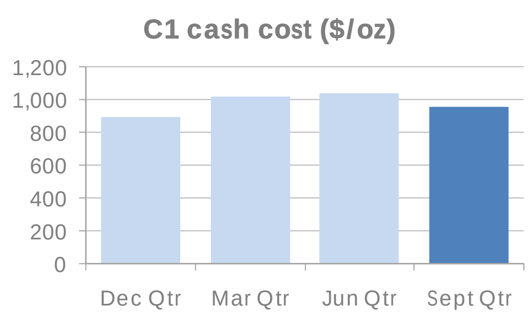
An environmental breach occurred when a grader at the Paddington Gold Mine encroached on a heritage site area. There was no sacred site disturbance; the local community is being consulted in determining restoration works. Norton has an active environmental management program and progressively rehabilitates its mining areas.

Paddington Gold Mine

Summary

Gold shipped of 41,586 oz represented a second consecutive Quarter above 40,000 oz. The Sept Qtr C1 cash cost of A$951 per ounce is an $87 per ounce improvement on the previous Quarter and reflects a strong focus on overall costs and consistent production.





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

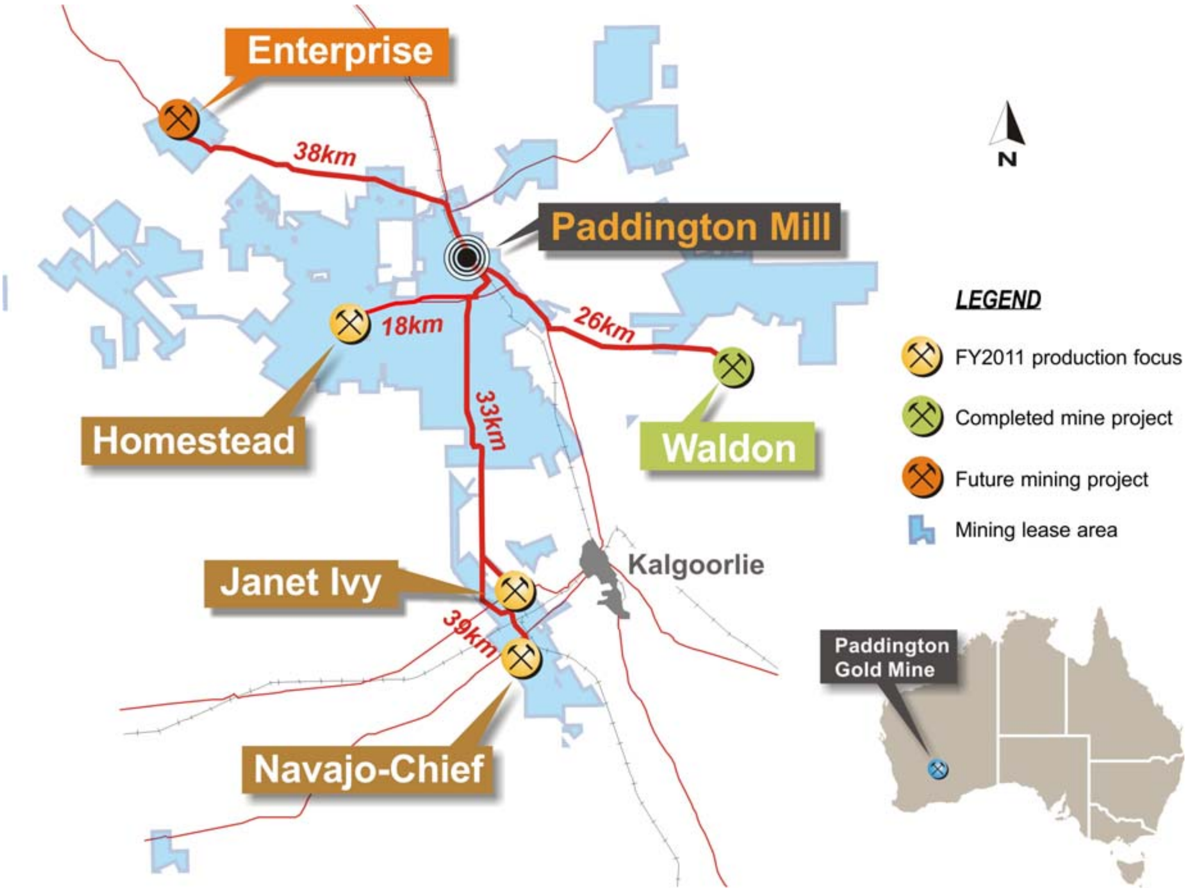
Key factors in this strong Quarterly performance are:

1. Increased mill tonnes with above target throughput and good recoveries.
2. Homestead contribution of 44,400 tonnes of mill feed at 6.11 g/t; refinement of mining techniques resulted in lower tonnes mined at higher grades.
3. Good contribution of ore tonnes from Janet Ivy over this first Qtr of renewed operations.
4. Completed mining at Waldon deposit with more tonnes and higher grade than planned.

Capital expenditure for the Quarter of $17.2M focused on Navajo Chief pre-strip and rail underpass construction, plus Homestead underground development. The underpass will reduce ore haulage costs by enabling access to a dedicated haul road direct to the Paddington plant. The underpass, the first such project in the Goldfields, will also allow mining equipment to be readily transferred between Navajo Chief and Janet Ivy.

157 exploration drill holes were completed for 16,162 metres with the main focus being Navajo Chief, Enterprise and Homestead underground.

The reduction in costs versus the previous Quarter was largely driven by the shift in mining activity from the relatively high cost Havana and Waldon operations to Navajo Chief and Janet Ivy. Navajo Chief is a large scale long-life mine that can utilise large scale mining equipment. Processing, administration and other site costs are in-line with the previous Quarter.



Paddington 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 3.3 Mt of ore annually.*

Located 35 kilometres 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

During the Quarter, 692,000 tonnes of ore grading 1.31 g/t was mined compared to 646,000 tonnes grading 1.26 g/t in the previous Quarter. Total material movement was 2.0 million bank cubic metres (Mbcm) compared with 2.5 Mbcm in the previous Quarter, which included mining at the Havana mine. Open cut mining during the Quarter was undertaken at Navajo Chief, Waldon and Janet Ivy.

Open cut		Sept Qtr 2011	Jun Qtr 2010
Volume mined	(k bcm)	**2,027**	2,505
Ore tonnes	(ktonnes)	**692**	646
Mine grade	(g/t)	**1.31**	1.26

Navajo Chief: pre-stripping continued with 1.7 Mbcm material movement compared to 1.8 Mbcm in the previous Quarter. Good productivities have been achieved with the Terex RH120 (300 tonne) excavator averaging 937 bcm/ hr.

The mine plan sees Navajo Chief making a significant contribution of ore tonnes going forward. The focus for the December Quarter is continued pre-stripping and progressively increasing the rate of ore mined and delivered to the plant.

Navajo Chief is a long-life base load mine that is expected to contribute to an overall reduction in Paddington's unit costs via the scale of mining and mining fleet it enables.

Waldon: mining, completed during the Quarter, provided 408,000 tonnes of ore grading 1.52 g/t, compared with 282,000 tonnes at 1.19 g/t for the previous Quarter. Rehabilitation work has commenced and the mining fleet has transferred Janet Ivy.

Janet Ivy: mining re-commenced; the previous campaign ceased in December 2009. Material movement at this low strip ratio mine was 158,000 bcm, providing 135,000 tonnes of ore grading 1.06 g/t.

Navajo Chief: Terex RH120 (300 tonne) excavator loading Caterpillar 785 (150 tonne) trucks.

Homestead underground mine

Homestead underground produced 40,100 tonnes of ore grading 6.15 g/t. This was an improvement on the previous Quarter's 36,300 ore tonnes at a grade of 5.64 g/t. Ore development for the Quarter was 1,002 metres and capital development at 608 metres compared to zero metres and 1,789 metres respectively for the previous Quarter.

Underground		Sept Qtr 2011	Jun Qtr 2010
Ore tonnes	(ktonnes)	**40**	36
Mine grade	(g/t)	**6.15**	5.64
Ore development	(metres)	**1,002**	0
Capital development	(metres)	**608**	1,789

Underground production over the Quarter was adversely affected by fewer available ore headings and lower than planned equipment availability. These issues have been rectified and plans put in place to continue improved performance. A refinement in the mining techniques and geological understanding has led to modified stope designs resulting in lower dilution with lower tonnes mined at higher grades.

Background: *The Homestead underground mine is part of the Mount Pleasant Gold Camp 18 km south-west of the Paddington mill and 28 km north-east of Kalgoorlie. It is the first underground mine for the Company.*

The Mount Pleasant Gold Camp includes Marlock, Tuart and Green Gum projects that are 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

During the Quarter, 861,600 tonnes of ore was processed at 1.66 g/t for 92 per cent recovery. Comparable figures for the previous Quarter are 832,700 tonnes, 1.71 g/t and 94 per cent.

The difference in feed grade is primarily due to the processing of smaller quantities and lower grade of toll treated ore (7,200 tonnes at 8.04 g/t versus 16,000 tonnes at 11.19 g/t). Another factor was higher quantities of low grade stockpile feed being processed this Quarter.

Recovery was lower due to a refractory component in stockpile material fed to the plant. Gold shipped was 41,586 ounces.

Ore processing		Sept Qtr 2011	Jun Qtr 2010
Ore milled	(k tonnes)	**861**	833
Feed grade	(g/t)	**1.66**	1.71
Recovery	(%)	**92%**	94%
Gold shipped	(oz)	**41,586**	42,475

We will continue to pursue economically attractive purchases of ore when the processing schedule permits to best utilise Paddington's processing plant.

Major capital works undertaken for the Quarter include change-out to a conveyor during a planned shutdown, SAG mill works and a major rebuild of the primary crusher.

Paddington mill: The 3.3 Mtpa processing plant comprises a primary gyratory crusher, SAG and ball mill, a gravity gold recovery plant and a standard Carbon-In-Leach gold recovery circuit.

Costs

C1 September Qtr cash costs are $951 per oz compared to $1,038 per oz for the previous Quarter.

The Qtr on Qtr decrease is primarily due to lower mining costs of moving from Havana and Waldon to Navajo Chief and Janet Ivy. Both of the latter are larger, base load open cut mines that enable more efficient use of the mining fleet.

Processing, administration and other site costs are in-line with the previous Quarter.

For comparison, costs for past Quarters have been re-calculated using the recently adopted Brook Hunt methodology (definitions on page 2 of this report) and are presented in the table below:

		Sept FY2010	Dec Qtr FY2010	Mar Qtr FY2010	Jun Qtr FY2010	FY2010	**Sep Qtr FY2011**
C1 cash cost [1]	($/oz)	815	887	1,014	1,038	948	951
C2 production cost [2]	($/oz)	947	1,012	1,208	1,184	1,097	1,066
C3 total cost [3]	($/oz)	988	1,043	1,252	1,220	1,135	1,106

Norton has adopted the Brook Hunt cost methodology, namely:

[1] C1 cash cost represents the costs for mining, processing, administration, including accounting movements for stock-piles 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.

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

[3] 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.

Capital expenditure (excluding exploration) for the Quarter was $14.6M, comprising $10.8M on mine development (open cut and underground) and $3.8M on other capital projects.

Homestead underground:.

Exploration

Exploration expenditure for the Quarter was $2.6M.

157 holes were drilled representing 16,162 metres. Navajo Chief the focus for resource development with RC & diamond infill drilling concentrated in the southern designed pit area. Holes were also drilled at Homestead, Enterprise, Sleeping Beauty, Ora Banda, Broads Dam & Mulgarrie Well.

Exploration work is summarised in the table below.

Project	Activity	Project description
Navajo Chief M26/387	84 RC drill holes for 10,137m and 7 diamond core drill holes for 864m	Infill drilling of southern designed pit area. MIK resource modelling update in progress.
Navajo Chief In-Pit M26/387	40 RC drill holes for 1,980m	Infill drilling to validate primary ore zone.
Homestead Underground M24/155	8 underground diamond core drill holes for 954m	Test easterly extension of Phantom EW and 140 mineralised veins.
Homestead Surface M24/155	1 diamond core drill hole for 270m	Test up-dip extension of Phantom Vein adjacent to planned infrastructure.
Enterprise M24/170	3 diamond core drill holes for 972m	Geotechnical evaluation.
Sleeping Beauty M24/711	2 RC drill holes for 130m	Test mineralisation extension away from pre-existing historic pit.
Ora Banda M16/23	2 RC drill holes for 250m	Evaluate anomalous geochemical trend coincident with sheared lithological contact.
Broads Dam M16/222	6 RC drill holes for 450m	Geological evaluation of prospective structural corridor.
Mulgarrie Well M27/149	4 RC drill holes for 156m	Test extensions of previously identified paleochannel hosted mineralisation.
Mulgarrie Dam E27/192	444 soil samples analysed for gold and trace-elements	Regional evaluation at 200m x 50m grid spacing.

Navajo Chief Deposit, Kalgoorlie West Project

Exploration and resource development work has focussed on the Navajo Chief Deposit where a program of infill RC and diamond drilling is underway. This program is aimed at improving confidence in the southern portion of the current designed pit area by reducing drill spacing to a nominal 20m x 20m coverage over a 400m strike extent of mineralisation. Activity during the Quarter has seen an advance of 10,137m of RC drilling in 84 drill holes, and 864m of diamond coring in 7 drill holes.

An in-pit infill RC drilling program to validate the primary mineralised zone on a close-spaced drill pattern (<10m x 10m) is also in progress with 1,980m completed to date in 40 drill holes. Assay results are expected in the December Quarter.

While the program focus has been on infill rather than resource extension, the additional drilling has increased definition of a southerly plunging ore lode and also highlighted potential for additional resources in down-plunge extension positions.

The current Ordinary Kriged resource model will be updated to an MIK (Multiple Indicator Kriged) model on completion of the infill drilling program for the southern Navajo Chief area. Geometry of the ore controls are more complex than initially thought and the change in modelling technique will be more appropriate to the deposit style.

The Resource and Reserve Statement for Paddington was updated during the Quarter (2 August).

Background: *Paddington's extensive mineral endowment covers an area in excess of 1,100 square kilometres with more than 120 identified mineral deposits, more than 78 of which have been subjected to recent exploration programs. Of these, 25 contribute to the current Reserve/Resource statement and are located within 40 kilometres of the Paddington plant.*

Enterprise Project

The Enterprise Project contains an Indicated and Inferred Mineral Resource of 15.37 Mt at 2.10 g/t containing 1.04 Moz of gold. It is located 35km north-west of the Paddington mill. A Feasibility Study is underway to determine how best to exploit this resource; underground and open cut extraction methods are being evaluated.

Sienna and Electra Coal Projects (EPC 1033)

No drilling was completed or planned during the Quarter. As disclosed in the June FY2010 Quarterly Report, the Company released an Information Memorandum covering the Group's coal projects. The Company is active in considering how to best position these assets, and has engaged Lincoln Crowne to assist with the strategic assessment and management of this project.

Mount Morgan Mine Project

Norton continues to actively explore potential funding alternatives through joint venture arrangements and other options. The Company remains active in considering how to best position this project and has engaged InterFinancial to assist with its strategic assessment and management.

Norton's plan has been to build a 1.0 Mtpa plant to produce 30,000 to 35,000 oz pa of gold from tailings over 12 years. This two-stage project is planned to ultimately produce 200,000 tpa of pyrite in concentrate as well as the gold. Full production is expected within 12 months of project go-ahead.

Corporate

Management appointments

During the Quarter, Norton appointed Mr André Labuschagne to the role of Managing Director and Mr Rob Brainsbury as Chief Financial Officer. Both appointments were effective from 13 September 2010.

Mr Labuschagne has held various senior financial and operating roles with Norton over the past three years, including Chief Financial Officer and Deputy Chief Executive Officer of the Company. He has more than 20 years' experience in the resources industry and was previously employed in senior roles with both Durban Roodepoort Deeps and AngloGold Ashanti.

Mr Rob Brainsbury, an experienced financial executive joins the Norton team as Chief Financial Officer. Mr Brainsbury has held senior operational and finance roles with major resources and industrial companies including MIM, Xstrata, Rio Tinto and Brambles. Mr Brainsbury also holds the role of Co-company Secretary.

Cash and funding position

At the end of September, Norton had $32.8M cash at bank and an additional $18.8M held in cash-backed environmental bonds. Debt at the end of September comprised $97.3M following completion of the hedge settlement and partial redemption of all Convertible Notes (see below).

Hedging

The Company announced on 19 July 2010 that it had entered into an agreement to settle the Lehman Brothers Commercial Corporation (Lehman) hedge litigation. The agreement resulted in the pre-existing hedge contracts with Lehman being terminated in exchange for payment to Lehman of $10M on settlement and the issuance of a Senior Secured Note for $97M to be repaid over four years (on the terms described in the 19 July 2010 Announcement to ASX) . This transaction was settled on 6 September 2010 resulting in the Company now being completely unhedged.

Convertible Notes

On 27 September 2010 the Company announced that it had reached agreement with the Company's Convertible Note Holders to partially redeem and convert all outstanding Convertible Notes. This resulted in the Company's debt being reduced by $38M (28%) to $97M. A cash payment of $25M (being $23.8M worth of Convertible Notes at the August 2011 redemption value, including a 5% premium) was paid to the Convertible Noteholders. The remaining unredeemed Convertible Notes were converted into ordinary shares at $0.25 per share, which represented a 22% premium to the share price at the time the announcement was made on 27 September 2010.

As a result of the redemption and conversion of the Convertible Notes, the Company will save around $18M in redemption and non-deductible interest repayments between when the partial redemption/conversion occurred and the scheduled maturity of the Convertible Notes (August 2011).

It was also a condition of the conversion of the Convertible Notes that the shares issued on conversion be subject to certain resale restrictions (restricted securities). These restrictions require that in the event the Convertible Noteholders wish to dispose of the restricted securities on market, they must notify the Company of the proposed disposal and provide the Company with an opportunity to undertake a bookbuild to procure purchasers of the restricted securities to ensure an orderly market.

Presentation and rounding

All dollars shown are Australian dollar.

All tonnes are rounded to the nearest hundred tonnes

Corporate Directory

Board & Senior Management

Mark Wheatley
Chairman
André Labuschagne
Managing Director
Mark McCauley
Non-executive Director
Tim Prowse
Non-executive Director
Tim Sun
Non-executive Director
David Franklin
Non-executive Director
Anne Bi
Non-executive Director

Robert Brainsbury
Chief Financial Officer
Terry Moylan
GM Paddington

Co-company Secretary

Leni Stanley
Robert Brainsbury

Media Relations

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

Share Capital

685.5 million ordinary shares

Nil listed options

5.2 million unlisted options.

Quarterly Share Price Activity

2009	High	Low	Last
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
2010			
March	$0.320	$0.170	$0.220
June	$0.230	$0.170	$0.170
September	$0.220	$0.160	$0.200

Competent Persons Statement

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

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. Peter Ruzicka and Ian Paynter are members of the Australian Institute of Mining and Metallurgy and full-time employees of Norton Gold Fields Limited.

Messrs. Bewsher, Ruzicka and Paynter 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'. Andrew Bewsher, Peter Ruzicka and Ian Paynter all consent to the inclusion in this report of matters based on their information in the form and context in which it appears.

The information in this report that relates to the 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 Australasian 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.

The estimates of Coal Resources for the Sienna Coal Project presented in this report have been carried out in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), 2004, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australasian Institute of Geoscientists and Minerals Council of Australia, December 2004. The Information in this report that relates to Sienna coal Resources, is based on information reviewed by Mr Harry Seitlinger, who is a Member of The AusIMM and is a full time employee of NSW Geology. Mr Harry Seitlinger has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Mr Harry Seitlinger consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Principal Office

Level 1, 79 Hope Street
South Brisbane Queensland 4101
Australia

Registered Office

L1, 101 Edward Street
Brisbane Queensland 4000
Phone +61 (0) 7 3846 9200
Fax +61(0) 7 3255 0344

Postal Address

Level 1, 79 Hope Street
South Brisbane Queensland 4101
Australia

www.nortongoldfields.com.au

Share Registry

Link Market Services
Level 15, 324 Queen Street
Brisbane Qld 4000

Tel 1300 554 474 (within Australia)
Tel +61 (2) 8280 7111 (overseas)

Please direct shareholding enquiries to the share registry.

Paddington Reserve and Resource statement (gold) as at 30 June 2010

Reserve	Mt	g/t	Moz
Proven	0.09	1.34	0.00
Probable	19.79	1.89	1.20
Total	19.88	1.89	1.21
Resource			
Measured	0.14	1.58	0.00
Indicated	49.76	1.87	2.99
Inferred	38.09	2.06	2.53
Total	88.00	1.95	5.52

Mount Morgan 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

Sienna Resource statement (coal) as at 30 June 2010

	Cumulative Ply Thickness (m)	Mt
North	8.77	29.05
South	10.09	27.97
Total Inferred	9.42	57.02