



ASX/MEDIA ANNOUNCEMENT

27 September 2010

Convertible Notes Redeemed for \$25m of cash with the balance converted to shares at 25 cents per share

Attached is the original version of the earlier Convertible Note release (faxed version).

Further information

Andre Labuschagne
Managing Director
Norton Gold Fields Limited
+61 (0)7 3846 9200
alabuschagne@nortongoldfields.com.au

Warrick Hazeldine / Annette Ellis
Purple Communications
61 (0) 8 6314 6300 / +61 (0) 417 944 616
/ +61 (0) 458 200 039
whazeldine@purplecom.com.au

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Norton Gold Fields Limited (ASX: NGF) ("Norton" or the "Company"), is pleased to advise that agreement has been reached with Norton's Convertible Note Holders to partially redeem and convert all outstanding Convertible Notes, reducing debt by 28%, to \$97M.

Norton's Managing Director, Andre Labuschagne said "This Agreement, together with the recent settlement of the Lehman hedge provides Norton with greater surety going forward. We can now focus on key areas of hitting production and cost targets at our multiple mining operations around our central Paddington processing facility near Kalgoorlie, and continue to manage debt down as cash becomes available".

The transaction, which reduces Norton's debt by \$38m, is as follows:

- Norton will use the \$25 million it currently holds in escrow on account of the future redemption of the Notes, to immediately redeem \$23.8 million worth of Convertible Notes at the August 2011 redemption value (a 5% premium to the face value of the Convertible Notes will also be paid); and
- As a condition of redemption, the Convertible Note Holders will convert their remaining unredeemed Convertible Notes at a conversion price of \$0.25 per share (resulting in an issue of 56.8 million shares bringing total issued shares to 675.7 million). The conversion price is at a substantial **22% premium** to the current share price.

The transaction will save Norton a total of around \$18.0 million in redemption and non deductible interest repayments between now and scheduled maturity of the notes (Aug 2011).

As at 17 September the Company had \$63.2 million cash at bank including \$25 million escrowed as per the terms of the Convertible Notes.

Norton's Chairman, Mr Mark Wheatley said "In this agreement Norton has reached an attractive balance between redemption and conversion, minimising dilution whilst maintaining a significant cash balance".

"Norton is delighted by the strong vote of confidence in the Company shown by the Convertible Note Holders".

Further information

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Managing Director
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About Norton

Norton Gold Fields Limited is a major ASX-listed gold producer.

In 2010, Norton produced 135,000 oz of gold from its open cut operations at Paddington near Kalgoorlie in Western Australia. Gold production is projected to increase with mining at the Homestead underground mine now underway. The current expected mine life for Paddington is in excess of 10 years.

Development of the Mount Morgan Mine Project in Queensland would add a further 30,000 to 35,000 oz to the Company's annual gold production. The phasing of this project, which can be producing within twelve months, is currently being reviewed.

For more information, please visit our website: www.nortongoldfields.com.au

