Quarterly Report: March 2008

About Norton Gold Fields

Norton Gold Fields is Australia's fourth largest ASX-listed Australian gold producer.

The company operates the Paddington Gold Mine at Kalgoorlie, Western Australia and is planning to develop the Mount Morgan Gold Project in Queensland.

Paddington has a 4.8M oz Resource and a 3 Mtpa CIP Plant capable of producing more than 150,000 oz of gold per year. With the planned addition of underground operations in FY2010 production is expected to lift to 250,000 oz per year.

Norton plans to augment this with 50,000 oz of gold annually from a tailings re-treatment operation at Mount Morgan.

Norton also has active gold, copper and coal exploration projects.

Further strategic acquisitions of new resource projects are planned in order to build a major mining company.

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

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A. Anthony McLellan
Chairman

Jon Parker
Managing Director

Paddington Gold Mine Consolidates

KEY POINTS

Paddington Gold Mine

- **33,000 oz gold produced at A$620/oz cash operating cost**
- **828,000 tonnes of ore processed at 1.31 g/t, 91.5% recovery**
- **Mine life increased to >10 years at 150,000 oz pa**
- **Mineral Resources increased to 4.8 Moz including 1.01 Moz of Reserves (announced 22/4/08)**
- **2nd Half FY2008 production forecast range 65,000 to 70,000 oz**

Mount Morgan Gold Project

- **Feasibility study commenced, due by June 2008**
- **Phase 1 Drilling complete**
- **Mining lease transfers approved**

Middlemount Coal Project

- **Completion of drilling delayed by rain**
- **Drilling to recommence May 2008**

Company

- **Jon Parker appointed Managing Director**
- **Tim Prowse appointed Technical Director**
- **Ian McCauley appointed Alternative Director**
- **Change to Mining Producing Entity**
- **Cash at bank $A34.6M**

Safety and Environment

Two lost time injuries were recorded during the Quarter and three in total since the Company acquired the Paddington Gold Mine on 25 August 2007. Norton is committed to achieving zero lost time injuries and has an active safety program across its sites.

No environmental breaches were recorded. The Company has an active environmental management program and progressively rehabilitates its mining areas. A project to reduce the Norton's $16M in cash-backed environmental bonds was initiated.

Paddington Gold Mine

The Quarter was characterized by a high proportion of mill feed from lower grade stockpiles. This was required to balance mining activity which was focused on pre-stripping the Havana mine. Mill recovery was within expectations based on the lower grade feed blend processed. Mine pre-stripping was 4 weeks behind plan.

Cash operating costs of A$620 per oz were at the upper end of guidance provided in the December 2007 Quarterly Report. June Quarter performance and overall FY2008 costs are expected to be within guidance. Paddington's cost improvement program continues to provide opportunities to increase margins.

The operation's performance is summarised in the table below:

	March Qtr	December Qtr	YTD*
Volume Mined (k bcm)	**2,019**	1,962	4,482
Ore Mined (k tonnes)	**111**	602	915
Ore Grade (g/t)	**1.36**	1.93	1.90
Ore Milled (k tonnes)	**828**	833	1,969
Grade (g/t)	**1.31**	1.76	1.59
Recovery (%)	**91.5**	93.3	92.1
Gold Shipped (oz)	**33,037**	44,800	96,100
Cash Operating Cost (A$/oz)	**620**	559	540

* *Note YTD includes period from 24/8/2007 to 31/2/2008*

Paddington Gold Mine is a conventional open cut mine and carbon-in-pulp processing operation. With a capacity to process over three million tonnes of ore per year it is one of the largest gold plants in Australia.

Located 30 kilometres north of Kalgoorlie, Paddington operates 24 hours a day, 365 days a year. Kalgoorlie is a major regional centre and the hub for mining in the central goldfields providing excellent support to the project - most staff live in Kalgoorlie.

Mining

The pre-strip program at Havana was 4 weeks behind schedule at the end of Quarter. In addition to 12 days of rain, equipment change-over, operator training, and run-in of new equipment caused delays to the mine production schedule. Most of these were issues known to the Company and could have been managed more effectively.

Management is keenly focused on getting execution right. Norton's success relies on delivering in mining and the Managing Director, Jon Parker and the whole team is intent on ensuring mining steps up.

As a consequence of the delay in pre-stripping we expect gold production for the second-half of FY2008 to be between 65,000 and 70,000 oz.

During the Quarter, Jalgrid was successful in winning the dry-hire contract for the mining fleet. Jalgrid mobilised two earthmoving fleets, the large fleet comprising a Terex RH120 excavator, 5 Cat 785 trucks, and the smaller fleet comprising a Komatsu PC2000 excavator, 5 Cat 777 trucks, and ancillary support equipment. The change will yield significant cost and operational benefits over the 3-year contract term.

The Terex RH120 fleet will complete the Havana pre-strip in April 2008 then focus on producing ore for the rest of the Quarter.

During the current (June) Quarter, the PC2000 fleet will re-locate and begin pre-stripping the Robinson mine, the next operation in the project pipeline.

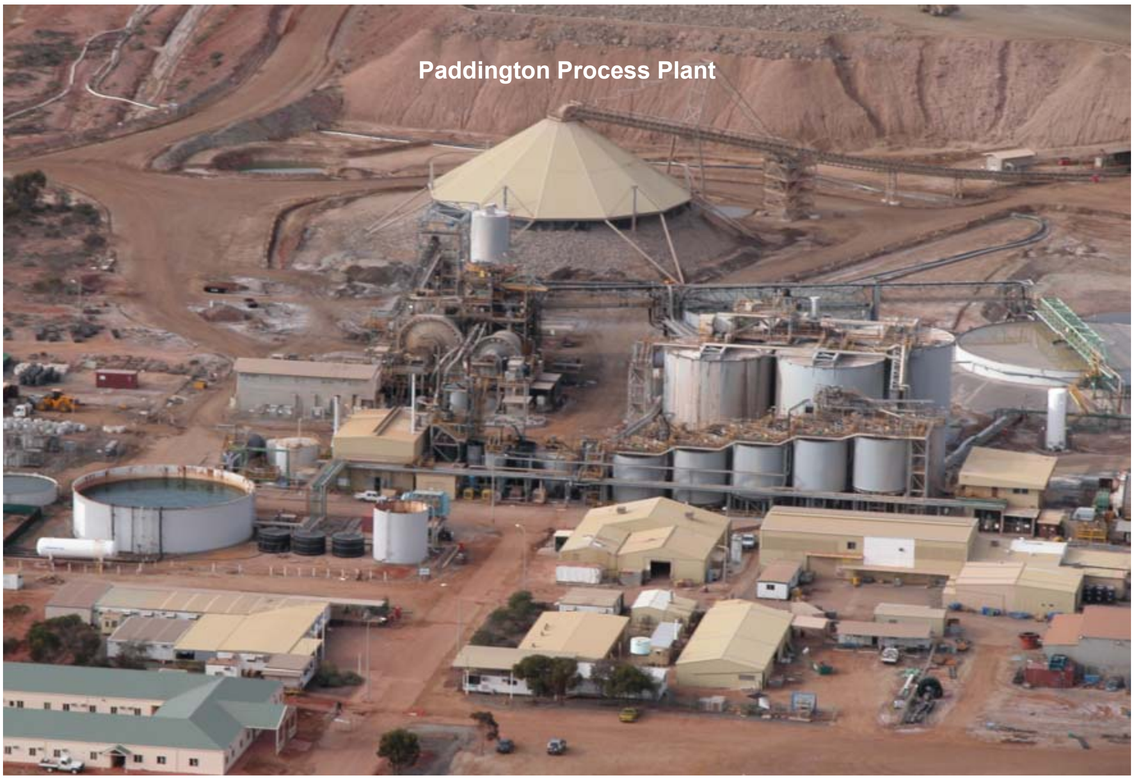
The current mining concept involves two open cut mines with one as the primary supplier of ore for the mill and the second under development (pre-strip). Paddington operates two mining fleets; equipment is dry-hired on a 'maintained' basis; operators are employees of the Company.

Processing

During the Quarter, 828,000 tonnes of ore grading 1.31 g/t were processed at a recovery of 91.5% to produce 33,037 oz of gold. Mill recovery was lower than for the December Quarter due to the lower grade processed but in accordance with expectations.

Plant operation was excellent with 3.3 Mtpa annualised rate, utilisation of 91.5% and average throughput of 414 tonnes per hour. Availability improved from 92.5% to 95.3% - 3% up or an additional 60 hours on the previous Quarter - as the effects of shift coverage and improved maintenance practices took effect.

Gold recovery via the gravity circuit continued to meet expectations and further improvements to carbon management and the elution circuit resulted in a 10% improvement in circuit efficiency notwithstanding the lower feed grade.



The Paddington processing plant comprises a primary gyratory crusher, SAG and Ball mill, a gravity gold recovery plant and a standard Carbon-In-Pulp gold recovery circuit.

Costs

The cash operating cost of A$620 per oz for the Quarter is within guidance provided in the December Quarterly Report. That guidance remains in place.

The current (June) Quarter will see the Havana pre-strip activity of the last two Quarters completed in late April with full ore production thereafter. Forecast production for the Half-Year to the end of June 2008 will see our costs remain in the guidance range.

Accordingly, at an annualized production rate of 150,000 oz per year, Norton expects cash operating costs to be between A$575 and A$600 per oz for FY2008.

When the Paddington team finalises its capital and value-add project planning, Norton will provide detail on long-term total cash costs and earnings.

Cost management

Paddington has a (Top-20) program to improve its cost profile via contract and supplier management. This is expected to deliver around a 10% cost reduction on December 2007 levels, equivalent to $65 per oz (based on 150,000 oz production per year).

The first contract review resulted in a change of dry-hire supplier from Emeco (EHL) to Jalgrid. This is expected to deliver a 20% reduction in dry-hire costs equivalent to a direct reduction in unit costs of 6% or $40 per oz (based on 150,000 oz production per year).

Exploration

Expenditure on exploration during the Quarter was $1.8M. The main focus of activity was updating the Reserve/Resource statement.

The updated resource was prepared by Norton's technical service team at Paddington and Perth-based consulting geologists, CSA Australia Pty Ltd and released on 22 April 2008.

A 17,000 metre reverse circulation and diamond drilling program, completed in October 2007, formed the basis for this resource update.

The next phase of resource development drilling will commence in May 2008. The budget for the program is $4M. Drilling will target the underground projects Homestead, Tuart, Marlock and Green Gums.

Paddington's extensive mineral endowment comprises 1,200 square kilometres of tenements with more than 100 identified mineral deposits. Of these, 69 have recent exploration data, 16 are covered by the current Reserve/Resource statement and are within 40 kilometres of the Paddington plant. Norton aims, within eighteen months, to update all remaining engineering and geological data to JORC standards. The work is prioritised according to the mining schedule. The Company also has an extensive drilling program representing an investment of more than $5 M per year.

The results of the re-statement, announced to ASX on 22 April 2008, are:

Mineral Resource as at 31 March 2008 (including Ore Reserves)

Resource Category	Million Tonnes	Grade (g/t)	Gold (oz)
Measured Resource	0.65	1.7	35,000
Indicated Resource	41.66	2.0	2,720,000
Inferred Resource	29.64	2.2	2,070,000
Total Mineral Resource	**71.95**	**2.1**	**4,825,000**

* *note all numbers rounded*

The Ore Reserve estimate as at 31st March 2008 for Paddington Gold Mine is:

Ore Reserves as at 31 March 2008

Reserve Category	Million Tonnes	Grade (g/t)	Gold (oz)
Proven Reserves	0.12	1.2	4,700
Probable Reserves	17.74	1.8	1,007,700
Total Ore Reserve	**17.86**	**1.8**	**1,012,400**

* *note all numbers rounded*

We expect a further upgrade of the Resource/Reserve statement in July 2008.

Tenement divestment program

The Technical Services Team's detailed historical knowledge of the region was applied to a review of tenements. A number of tenements have been selected for divestment. These are not core assets, with the exception of a small refractory resource at Mayday North, the tenements selected host no existing resources and have limited historic exploration activity.

Norton plans to realise value immediately from Mayday North and divest the other tenements with certain claw-back rights.

The program will reduce holding costs by approximately $1.3M (representing about 20% of holding costs) whilst having a very limited impact on Paddington's resource endowment.

Homestead underground development

The commencement of a feasibility study for an underground development of the Homestead project was announced after the end of the Quarter on 23 April 2008. The status of this project will be advised in the June 2008 Quarterly Report.

Mount Morgan Gold Project

During the Quarter, approval was received from the Mines Department for the transfer of the leases to the Company. A feasibility study was commissioned to develop the tailings retreatment operation.

A drilling program to improve the resource has been completed. Results will be available in May 2008. Additionally, the study will evaluate the relocation of the Kundana plant in Kalgoorlie (purchased with Paddington from Barrick) to Mount Morgan as the treatment plant. The study will be completed in June 2008.

Norton is working with all key stakeholders to ensure the project is beneficial for the State, local community and the company.

The Mount Morgan Project incorporates 30 mining leases covering around 677.5 hectares.

Norton plans to develop a project on the Mount Morgan site to treat an initial four million tonnes of tailings and mullock to recover 180,000 to 200,000 oz of gold over 4 years. An additional 300,000 oz of gold contained in other resources has the potential to extend the life of the project.

Middlemount Coal Project (EPC 1033)

A drilling program was suspended during the Quarter due to heavy rain in Queensland. The program is expected to re-commence in May 2008.

Norton secured title to the Middlemount coal tenement (EPC 1033) in March 2006 and has identified potential for an open-cut mine of approximately 12 million tonne low ash, low volatile PCI coal in the southern area down to a 100 metre vertical depth.

In addition, an underground opportunity for high quality coking coal has been identified in the western area of the tenement lying within the German Creek Coal Measures at depths greater than 300 metres.

Company

Managing Director

Jon Parker was appointed Managing Director on 24 January 2008. Initially appointed as a non-executive director in September 2006, Mr. Parker played an active role in developing the Company from junior explorer to a major Australian gold producer.

Prior to his involvement in Norton, Mr. Parker was Managing Director of Felix Resources Limited. During his tenure, that company's market capitalisation grew from $17M to over $500M. Accomplishments included expansion of the Yarrabee Coal Mine, development of the Minerva Coal Mine, acquisition of White Mining Pty Ltd and a major capital raising.

Mr. Parker has had broad experience in the resource and energy sectors with Rio Tinto where he spent 26 years. He has a history of creating strong and sustainable value through robust strategic thinking, innovative and inclusive leadership practices and sound decision making.

Mr. Parker has a degree in Physical Chemistry (Hons) (Sydney) and a Graduate Diploma Business Administration (Curtin) complemented by management programs in Australia (Mt Eliza) and the US (Columbia).

Mr. Parker's corporate experience and reputation for accomplishment adds a new dimension to an already powerful management team which includes the founder and director, Tim Prowse, who assumed the role of technical director. The change will enable Mr. Prowse's broad experience in the mining industry, both in Australia and overseas, to be more strongly focused on acquisitions as Norton pursues a number of opportunities.

Alternate Director

Mr. Ian McCauley was appointed as Alternate Director for Mr. Mark McCauley. Mr. McCauley, has a long and successful career in the resources industry both as an executive and investor and, amongst other things, has previously been a major shareholder and Chairman of Felix Resources Limited and a non executive director of Queensland Nickel Limited.

Included in Mr. McCauley's private investment portfolio is a major equity holding in Norton (19.9%) making him one of the largest shareholders in the Company. Mr. McCauley also holds a significant number of convertible notes issued by Norton to fund the recent acquisition of the Paddington Mine.

Producer status

In April 2008 the Australian Securities Exchange approved a change of status from a mining exploration entity to a mining producing entity.

As a consequence the Appendix 5B will no longer be prepared. The Appendix 5B reported 29 April 2008 is designed for a Mining Exploration Entity, and certain expenditure of a capital nature is categorised as operating costs. The effect of this treatment is to reduce operating cashflows and understate our investing activities.

This change of status recognises Norton Gold Fields position as Australia's fourth largest ASX-listed Australian gold producer.

Cash and funding position

At the end of March, Norton had $34.6M cash at bank excluding $16M held in cash backed bonds. In early April, $4.5M of GST that had been incorrectly paid to a subsidiary of Barrick Gold during the Quarter was received by the Company.

Debt at the end of March comprised $38M of Convertible Notes (CNs).

Hedging

A requirement of the CNs that were issued to fund the acquisition of Paddington was a hedging strategy that gave credit providers comfort over Norton's future cash flows.

Accordingly, Norton sold forward 330,000 oz at an average rate of $A875 oz. The company also purchased 145,000 oz of gold put options at A$760 per oz covering the period to June 2010. In February 2008, the company re-structured the hedge profile by pushing out 55,000 oz evenly over the period FY2009 to FY2012

At 31 March 2008, 297,500 oz were sold forward at an average price of $A875. In the June Quarter, 17,500 will be sold with the balance of 280,000 oz committed at a rate of 70,000 oz per year to June 2012. The total amount hedged represents approximately 48% of annual production based on 150,000 oz per year.

Corporate Directory

Board of Directors

A. Anthony McLellan
Chairman

Jon Parker
Managing Director

Tim Prowse
Executive Director

Mark McCauley
Non-executive Director

Company Secretary

Leni Stanley
Simon Brodie

Issued Share Capital

Norton Gold Fields has 333.1 million ordinary shares currently on issue.

There are 8.3 million listed options with an exercise price of $0.20 and an exercise date of 10 August 2010. There are 61.8 million unlisted options.

Convertible Notes

There are 380 convertible notes issued at $100,000 each for 4 years and convertible to shares at 25 cents.

See Explanatory Memorandum of 23 July 2007.

Quarterly Share Price Activity

2007	High	Low	Last
June	$0.300	$0.150	$0.240
September	$0.345	$0.180	$0.250
December	$0.585	$0.255	$0.505
2008			
March	$0.670	$0.355	$0.365

Competent Persons Statement

The Mineral Resource statement, with the exception of the Mt Pleasant Mineral Resource estimate, has been compiled by Mr Ian Copeland who is a Member of the Australasian Institute of Mining and Metallurgy, and qualifies as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Ian Copeland is 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.

The Mt Pleasant Mineral Resource estimate, with the exception of the Homestead Mineral Resource estimate, has been compiled with the consent of Mr David Williams, who is a Member of the Australasian Institute of Mining and Metallurgy, and qualifies as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr David Williams is a full time staff member of CSA Australia Pty Ltd and consents to the inclusion in the release of the matters based on the information in the form and context in which it appears. The Homestead Mineral Resource estimate was compiled with the consent of Mr Ian Copeland.

The Paddington Mineral Resource estimate has been depleted by mining and therefore varies from the estimate compiled in January 2008.

The Mineral Resource estimate is tabulated inclusive of Ore Reserves. Cut-off grades used to estimate the Mineral Resource vary by deposit, ranging from 0.7g/t Au up to 1.0g/t Au. Note rounding errors may occur in the tabulation of the Mineral Resource estimate.

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