



## ASX/MEDIA ANNOUNCEMENT

29 May 2008

### Merger with Bellamel Mining Limited

#### Key points

- ▷ Proposed all scrip merger via off-market takeover
- ▷ Immediate target – incremental production of 25 koz pa for Paddington
- ▷ Potential heap leach operation at 40-50 koz pa
- ▷ Includes over \$7 million in cash held by Bellamel
- ▷ Adds 1.68 Moz of gold Resource located close to Paddington Gold Mine
- ▷ Bellamel directors unanimously recommend the merger

#### All scrip merger

The Directors of Norton Gold Fields Limited (“**Norton**”) (ASX: NGF) and Bellamel Mining Limited (“**Bellamel**”) (ASX: BMM) have agreed to merge the two companies by means of an off-market takeover offer by Norton for all the shares in Bellamel.

#### Immediate target – incremental production of 25 koz pa for Paddington

The merger strengthens Paddington’s Life Of Mine by providing early access to additional sources of higher grade oxide ore. The immediate target at Fort William project provides opportunity to add an incremental 25 koz pa to Paddington’s production from high grade oxide feed.

In addition, the projects provide potential to develop a 40-50 koz pa heap leach operation and are prospective for underground development.

The merger increases Resources by 1.68 Moz from the Binduli South properties which are approximately 40km from Paddington and adjacent to Kalgoorlie. The assets being acquired include more than \$7million in cash.

Norton Chairman, Mr A. Anthony McLellan said that: “The merger of Norton with Bellamel will add substantially to the value of our Paddington operation and enhance the project pipeline of near term and longer term deposits to be processed at Paddington’s 3 Mtpa processing plant. We expect it to add approximately 25,000 oz pa from higher grade sources for processing at Paddington.

The new projects have considerable potential for a heap leach operation that would drive annual gold production at Norton’s Kalgoorlie operations towards 300,000 oz annually.”

### **Bellamel Directors' unanimously recommend the merger**

The Offer has the unanimous support of the Bellamel Directors.

A full statement of the reasons for the Bellamel Directors' recommendation and other information relevant to Bellamel shareholders' consideration of the Offer will be set out in a Target's Statement to be despatched with or following despatch of a Bidder's Statement.

In the absence of a higher bid or a material adverse change in Norton's prospects, or if the terms of the Offer differ in any materially adverse manner from the agreement, the Bellamel Directors intend to accept the Offer in respect of their own shares in Bellamel and to recommend that all Bellamel shareholders accept the Offer.

Following a successful merger the board of Norton will remain unchanged.

### **Bidder's Statement with full details will be lodged within 28 days**

Norton expects to lodge its Bidder's Statement with ASIC within the next 28 days. The Bidder's Statement will be subject to the conditions in Annexure A. Key conditions are:

- minimum acceptance of 90% (by number) of the sum of the Bellamel Shares on issue;
- no existing Bellamel agreements affected by a change of control; and
- no material acquisitions, disposals or commitments or other changes occur in Bellamel.

The Offer will extend to all Bellamel shares that come into existence during the Offer period as a result of the exercise of presently issued options. Holders of Bellamel options will receive private offers for their options.

### **Scrip transaction preserves cash**

The consideration is four Norton shares for five Bellamel shares (the "Offer").

Based on the closing prices on Tuesday 27 May 2008 of \$0.33 for each Norton share and \$0.205 for each Bellamel share, the Offer values each Bellamel share at \$0.264. Both Companies were in Trading Halt on Wednesday 28 May 2007.

The total value of \$0.264 per Bellamel share represents a premium of 28.8% to the Bellamel closing price on 27 May 2008.

The merger ratio of four for five reflects a premium of 30.6% to the volume weighted average price (VWAP) of Bellamel shares versus the VWAP of Norton shares for the three months prior to the announcement.

### **More information**

More information will be made available through a series of announcements and presentations during the course of the merger program and will be disclosed through ASX and via the Company's website.

## 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.

## For further information

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## Competent Person 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 Goldfields 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 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.

Measured Resources are 0.65Mt at 1.7 g/t for 35,000 oz, Indicated Resources are 41.66Mt at 2.0 g/t for 2,720,000 oz and Inferred Resources of 29.64Mt at 2.2 g/t for 2,070,000 oz. Proven Reserves are 0.12Mt at 1.2 g/t for 4,700 oz, and Probable Reserves are 17.74Mt at 1.8 g/t for 1,007,700oz.

The information in this report that relates to the Mineral Resources of Bellamel Mining Limited is based on information provided by Mr Matthew Wood who is a Member of the Australian Institute of Mining and Metallurgy. Mr Wood is the Chairman of Bellamel Mining Limited. Mr Wood 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 Wood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Measured Resources are 9.137Mt at 1.13 g/t for 331,075 oz, Indicated Resources are 12.54Mt at 1.41 g/t for 567,040 oz and Inferred Resources of 22.30Mt at 1.10 g/t for 784,265 oz

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## ANNEXURE 1 – BID CONDITIONS

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### 1. Minimum acceptance

The Offer is subject to the condition that the Bidder has a relevant interest in more than 90% (by number) of the sum of the Shares on issue at that time.

The Bidder will not waive the minimum acceptance condition unless it considers it is in the best interest to do so at the relevant time.

### 2. No regulatory actions

Between the date of the announcement of the Takeover Bid and the end of the Offer Period:

- a) There is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- b) No enquiries, investigations, notices, or actions are made, issued, announced, commenced or threatened by any Government Agency; and
- c) No request, application or notice is submitted to or by any Government Agency (other than by the Bidder or any of its associates) or threatened,

in consequence of or in connection with the Takeover Bid (other than an application to, or a decision or order of ASIC or Takeovers Panel for the purpose, or in exercise, of the powers and discretions conferred on it by the Corporations Act) which:

- d) Delays, restrains or prohibits or impedes, or threatens to or may delay, restrain, prohibit or impede, the making of the Takeover Bid or the acquisition of the Shares in accordance with the terms of the Takeover Bid including within the initial period of the Takeover Bid or the completion of any transaction contemplated by this document; or
- e) Seeks to or may require the divestiture by the Bidder of any the Shares, or the divestiture of any material assets of the Target or Bidder.

### 3. Regulatory approvals

The Offer is subject to all Regulatory Approvals being obtained on an unconditional basis or on the basis of conditions that impose only non-material requirements incidental to the Regulatory Approvals, and, at the end of the Offer Period, all of those Regulatory Approvals remain in full force and effect in all respects and are not subject to any notice or indication of intention to revoke, suspend, restrict, modify or not renew those Regulatory Approvals.

#### 4. **Material adverse change**

Between the date of the announcement of the Takeover Bid (**Announcement Date**) and the end of the Offer Period (each inclusive) no event occurs or is announced which, individually or when aggregated with all such events, has or is likely to have a material adverse effect on the business, assets, liabilities, financial or operating position, profitability or prospects of the Target (after taking into account any matters which offset the impact of the event or events giving rise to the adverse effect), other than:

- a) Anything which is fully and fairly disclosed in an ASX filing by the Target prior to the Announcement Date; or
- b) A change in generally accepted accounting principles or the interpretation of them.

#### 5. **No material mergers, acquisitions, disposals or new commitments**

Between the Announcement Date and the end of the Offer Period, except for any proposed transaction publicly announced by the Target before the Announcement Date, neither the Target nor any subsidiary of the Target:

- a) Consolidates with or merges with or into any other person (other than, in the case of a subsidiary of the Target, a wholly-owned subsidiary of the Target) or announces an intention to do so;
- b) Acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than \$100,000, or announces an intention to do so;
- c) Disposes, offers to dispose or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value (as recorded in the Target's consolidated statement of financial position as at 31 December 2007) is, in aggregate, greater than \$100,000, or announces an intention to do so;
- d) Enters, offers to enter or agrees to enter into any transaction or becomes the subject of any obligation which would require the expenditure, the foregoing of revenue or may result in the Target or any subsidiary of the Target incurring any actual or contingent liability of an amount which is, in aggregate, more than \$100,000, or announces its intention to do so;
- e) Enters, offers to enter or agrees to enter into, any agreement, joint venture or partnership which is for a term longer than two years, other than in the ordinary course of business, or announces its intention to do so;
- f) Carries on its business otherwise than in the ordinary and usual course;
- g) Has threatened or commenced against it any material claims or proceedings in any court or tribunal (including a petition for winding up or an application for appointment of a receiver or receiver and manager); or

- h) Discloses (without having disclosed to ASX prior to the Announcement Date) the existence of any matter described in subparagraphs a) to g) above, or announces an intention or proposal to do anything described in subparagraphs a) to g) above.

The Offer is subject to there being no Prescribed Occurrence during the Condition Period.

## **6. Change of control and other rights under certain agreements**

On or before the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise or states an intention to exercise, any rights under any provision of any agreement or other instrument to which the Target or any subsidiary of the Target is a party or by or to which the Target or any subsidiary of the Target or any of its assets may be bound or be subject, which results or could result to an extent which is material in the context of the Target and the Target's subsidiaries taken as a whole, in:

- a. Any monies borrowed by the Target or any subsidiary of the Target being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment or maturity date stated in such agreement or other instrument;
- b. Any other such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
- c. The interest or rights of the Target or any subsidiary of the Target in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
- d. The business of the Target or any subsidiary of the Target with any other person being adversely affected; or
- e. The Target or a subsidiary of the Target being required to dispose of or offer to dispose of, any material asset of the Target Group or acquire any asset, as a result of the acquisition of the Shares by the Bidder.

## **7. Due Diligence and Access**

The Target granting to the Bidder and its legal, financial and technical advisors, during normal business hours, at the principal place of business of the Target (or at such other places that Target acting reasonably shall nominate), access to and examine and take copies of all books and records of the Target which relate to the Target, its subsidiaries and all businesses conducted by them.

## **8. No dividends or distributions**

This Offer is subject to the Target and its subsidiaries its Subsidiaries not declaring, distributing or resolving to pay or provide any dividend, bonus or other share of its profits or assets.

**9. No material failure in filings**

This Offer is subject to the Bidder not becoming aware that a document filed by the Target contains a materially incorrect or misleading statement or has a material omission.

**10. Index Movement**

During the period from the Announcement Date to the end of the Offer Period (each inclusive), the S&P/ASX200 Index does not fall below 5,000 at any time on any 3 or more consecutive trading days.

**11. Financier Consent**

The Bidder obtaining the consents required in respect of the covenants associated with the convertible notes on issue in the Bidder (and associated security documents)