Quarterly Production Report: December 2011

About Norton

Norton Gold Fields Limited (ASX: NGF) is an established mid-tier, unhedged gold producer.

In FY2011, Norton produced approximately 152,000 ounces of gold from its open cut and underground operations at Paddington, near Kalgoorlie in Western Australia.

The company holds extensive granted mining and exploration leases in the pre-eminent Kalgoorlie goldfields, with a landholding of 693km^2. The Paddington Operations have a current Mineral Resource of 6.0Moz, of which some 1.0Moz is classified as Reserves, for a mine life in excess of ten years.

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

For more information, please visit our website.

www.nortongoldfields.com.au

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Tim Prowse
Chairman

André Labuschagne
Managing Director

HIGHLIGHTS

- **Gold production of 35,857oz for quarter**
- **Executive team strengthened**
- **Accelerated $37M resource development and exploration program commences (separate report released)**

Paddington Operations

- **Production of 35,857oz for the December quarter; average gold price received of $1,650/oz**
- **Re-commenced mining at Janet Ivy open cut mine**
- **Continuation of the Blue Gums pre-strip with ore mining commencing in the third quarter and completed in the fourth quarter**
- **Exploration drilling programs of 15,333 metres in 189 drill holes (separate report)**

Corporate

- **Appointment of Ian Sheppard to the Norton Executive Team in the newly created role of General Manager Technical and Business Development**
- **Cash balance continues to build: $44.4M cash at bank (excluding $19.7M in cash backed security deposits)**
- **Net debt reduced from $11.0M to $6.4M**

Production Guidance

- **Production guidance of 150koz for FY2012 at $970/oz C1 cash cost.**

Safety and environment

Disappointingly, six lost time injuries occurred during the quarter - primarily back and leg injuries. As a result of this spike in lost time injuries, the company has accelerated the introduction of further behavioural based safety training originally scheduled for later in 2012. The company has an active Health, Safety, Environment and Community management program and is fully committed to the continuous improvement of its performance in these areas.

There were no reportable environmental incidents for the quarter.

Paddington Operations

Summary

During the quarter, 35,857oz of gold was shipped compared with 35,780 from the previous quarter.

Pre-stripping continued at the Blue Gums East open cut-mine which will allow ore to be mined and delivered to the Paddington mill during the third and fourth quarters.

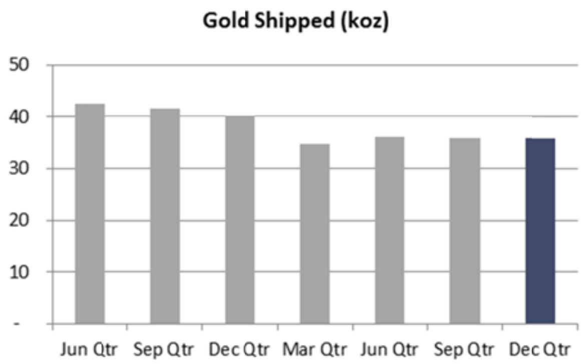
Production re-commenced at Janet Ivy open cut mine in November to increase grade to the mill and to supplement Navajo Chief open cut mine production which was impacted by lower than expected grade and intermittent wet weather.

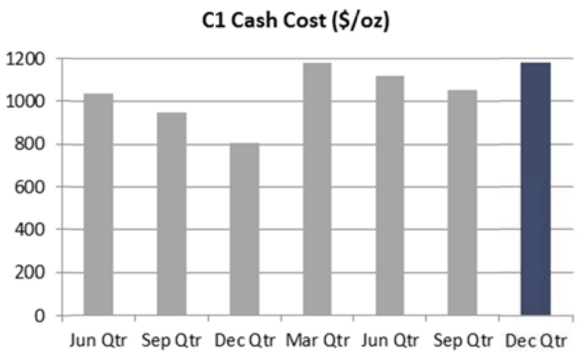
Homestead underground gold production was 50.5kt at 5.80g/t (9,411oz) compared to 48.7kt at 7.34g/t (11,510oz) in the previous quarter. The lower grade was impacted by higher dilution from stopes.

The Paddington mill once again performed ahead of expectations with record throughput of 971kt with a recovery of 94% for the quarter.

The December quarter C1^ cash cost was $1,180/oz. This was impacted by the continuation of expensing the pre-strip expenditure at the Blue Gums mining project ($88/oz) and additional haulage costs from rebuilding ore stockpiles at the Paddington Mill following haulage delays due to wet weather.

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





Capital expenditure (excluding exploration) for the quarter was $2.1M, consisting of $1.7M in underground mine development at Homestead and $0.4M on other capital projects. Exploration costs for the quarter were $3.1M.

Exploration drilling programs during the period comprised a total of 15,333 metres in 189 drill holes. Underground diamond drilling programs at Homestead generated 5,913 metres of core in 28 drill holes. Reverse circulation (RC) drilling programs comprised a total of 9,420 metres in 161 drill holes. A separate update on exploration activities has been released.

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Paddington Operations 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 3.3Mt of ore annually. Located 35km 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, operations continued at the "base load" Navajo Chief mine. Also, operations resumed at the Janet Ivy mine and pre-stripping continued at the Blue Gums mine. Blue Gums is a high grade palaeochannel deposit (ca. 200kt @ 2.79 g/t) which will be mined in the current financial year.

Total material moved for the quarter at the three operations was higher than the previous quarter at 1,609 thousand bank cubic metres (kbcm). The lower strip ratio at Navajo Chief mine resulted in a significant increase in ore production compared to the previous quarter.

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Open cut		Dec Qtr	Sep Qtr	Jun Qtr
Volume mined	(kbcm)	1,609	1,530	1,523
Ore tonnes	(kt)	1,141	777	453
Mine grade	(g/t)	1.06	1.00	1.09

Underground mining - Homestead mine

Homestead underground mine achieved a new quarterly production record of 50.5kt of ore at 5.80g/t, resulting in 9,411oz of gold being produced compared to 11,510oz (48.8kt of ore at 7.34g/t) in the previous quarter. Grade from stope ore was lower than planned due to hanging wall dilution exceeding expectations.

Underground		Dec Qtr	Sep Qtr	Jun Qtr
Ore tonnes	(kt)	50	49	45
Mine grade	(g/t)	5.80	7.34	6.80
Ore development	(metres)	503	513	614
Capital development	(metres)	415	343	474

Background: *The Homestead underground mine is part of the Mount Pleasant Gold Camp 18km south-west of the Paddington Mill and 35km north-west of Kalgoorlie.*

The Mount Pleasant Gold Camp includes the Marlock, Tuart and Green Gum Projects that are located 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

Norton's ore processing plant, the 3.3Mtpa Paddington mill, had another excellent quarter of utilisation and throughput. During the quarter a record 971kt of ore was processed at 1.22g/t with 94% recovery. Comparable figures for the previous quarter were 892kt of ore at 1.33g/t and 95% recovery.

For the second quarter in a row the mill's planned maintenance shutdown was completed well inside the expected timeframe and budget.

Gold shipped for the quarter was 35,857oz at an average gold price of A$1,650/oz, compared to 35,780oz in the previous quarter at an average gold price of A$1,612/oz.

Ore processing		Dec Qtr	Sep Qtr	Jun Qtr
Ore milled	(kt)	971	892	889
Feed grade	(g/t)	1.22	1.33	1.33
Recovery	(%)	94%	95%	95%
Gold shipped	(oz)	35,857	35,780	36,100
Average gold price	(oz)	A$1,650	A$1,612	A$1,432

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Costs

The December quarter C1 unit cash cost of $1,180/oz was higher than the previous quarter ($1,056/oz). The main impacts on the C1 unit cash cost in the current quarter related to expensing the pre-strip expenditure at the Blue Gums open cut mine ($88/oz) and additional haulage costs incurred to rebuild the ore stockpiles at the Paddington mill following haulage delays during the quarter due to bad weather.

		Dec Qtr	Sep Qtr	Jun Qtr	FY11
C1 cash cost [1]	($/oz)	**1,180**	**1,056**	**1,123**	**1,005**
C2 production cost [2]	($/oz)	**1,440**	**1,304**	**1,305**	**1,166**
C3 total cost [3]	($/oz)	**1,489**	**1,342**	**1,342**	**1,202**

Norton adopts the Brook Hunt cost methodology, namely:

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

Production Guidance

FY2012 production is targeted at 150,000oz at a C1 cash cost of $970/oz.

Mount Morgan Mine Project

Norton continues to consider options for this project, including divestment.

The feasibility study outlines a two-stage approach. Stage 1 involves the production of gold only and Stage 2 involves the addition of a flotation circuit and the production of gold and a pyrite concentrate with copper and gold credits.

The Stage 1 plan involves relocating refurbished and reconfigured parts of the former Kundana mill, (acquired by Norton with the Paddington mine assets), from Kalgoorlie to Mount Morgan. The plant capacity of 1Mtpa is considered readily achievable for tailings feed. Average annual production over a projected 12 year mine life would be ~25koz of gold.

A 12 year project life is based on a JORC compliant Indicated Resource of 2.49Mt @1.60g/t Au and an Inferred Resource of 5.68Mt @1.09g/t Au. An additional mineral inventory of more than 4Mt is expected to be sourced from former mine waste material.

Corporate

At the end of December 2011, Norton had $44.4M cash at bank, compared with $40.1M at the end of the previous quarter. The cash balance excludes an additional $19.7M held in cash-backed environmental bonds. Cashflow from operations continues to be strong, influenced by consistent production and high gold prices.

During the quarter, the company’s net debt reduced from $11.0M to $6.4M.

The company continued to strengthen its executive team with the appointment of Ian Sheppard in the newly created role of General Manager Technical and Business Development. Ian is a highly experienced mining engineer having worked in both open pit and underground mining operations across gold and base metals.

In November 2011, Norton’s Board approved a $37M exploration and resource development program over a two year period commencing from January 2012. The program will support an operational strategy involving a balanced combination of base-load open cut mines, high grade underground mines and relatively higher grade, smaller mining projects. The program will ultimately deliver a more stable, medium to long term Life of Mine Plan for the Paddington Operation.

Presentation and rounding

All dollars shown are Australian dollar.

Corporate Directory

Board & Executive Management

Tim Prowse
Chairman
André Labuschagne
Managing Director
Anne Bi
Non-executive Director
Allen Wu
Non-executive Director
Xianhul Zeng
Non-executive Director

Robert Brainsbury
Chief Financial Officer
Terry Moylan
General Manager Paddington
Peter Ruzicka
General Manager Geology and Exploration
Ian Sheppard
General Manager Technical and Business Development

Co-company Secretary

Leni Stanley
Robert Brainsbury

Media Relations

Warrick Hazeldine/Annette Ellis
Purple Communications
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Share Capital

849.6 million ordinary shares
Nil listed options
12.0 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
December	$0.260	$0.190	$0.190
2011			
March	$0.200	$0.160	$0.170
June	$0.185	$0.130	$0.140
September	$0.235	$0.135	$0.190
December	$0.240	$0.160	$0.175

Competent Persons Statement

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

Ian Paynter and Peter Ruzicka are members of the Australasian Institute of Mining and Metallurgy. Ian Paynter, Peter Ruzicka and Mike Walsh are all full-time employees of Norton Gold Fields Limited. 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.

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

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Please direct shareholding enquiries to the share registry.

Paddington Ore Reserve and Mineral Resource Statement (gold) as at 31 December 2011

Reserve	Mt	g/t	Moz
Proven	0.8	1.33	0.04
Probable	15.3	1.97	0.96
Total	16.1	1.94	1.00
Resource			
Measured	0.9	2.49	0.07
Indicated	68.3	1.45	3.19
Inferred	41.6	2.01	2.70
Total	110.8	1.67	5.96

Mount Morgan Mineral 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

Paddington Resource Statement: Ore Reserve (31 December 2011)

Project	Proven			Probable			Total Reserve		
	Mt	g/t	oz	Mt	g/t	oz	Mt	g/t	oz
Enterprise				5.55	2.52	450,000	5.55	2.52	450,000
Janet Ivy				1.58	1.09	55,000	1.58	1.09	55,000
Green Gum				0.58	2.52	47,000	0.58	2.52	47,000
Blue Gum East				0.20	2.92	19,000	0.20	2.92	19,000
Homestead	0.05	10.2	16,000	0.14	8.96	41,000	0.19	9.28	57,000
Navajo Chief				3.68	1.06	125,000	3.68	1.06	125,000
Rose West				0.24	1.97	15,000	0.24	1.97	15,000
Golden Flag				0.26	2.50	21,000	0.26	2.50	21,000
Federal				1.73	1.88	105,000	1.73	1.88	105,000
Mulgarrie				0.64	3.53	73,000	0.64	3.53	73,000
Stockpiles	0.81	0.80	21,000	0.64	0.73	15,000	1.45	0.77	36,000
Total Reserve	**0.86**	**1.33**	**37,000**	**15.3**	**1.97**	**966,000**	**16.1**	**1.94**	**1,003,000**

** Apparent arithmetic inconsistencies are due to rounding*

Paddington Resource Statement: Mineral Resource (includes Ore Reserve) (31 December 2011)

Project	Measured			Indicated			Inferred			Total Resource		
	Mt	g/t	oz	Mt	g/t	oz	Mt	g/t	oz	Mt	g/t	oz
Havana				4.29	1.69	233,000	0.26	1.73	14,000	4.55	1.69	247,000
Enterprise				10.3	2.27	749,000	5.10	1.75	287,000	15.4	2.10	1,037,000
Mulgarrie				1.05	3.22	109,000	0.44	2.72	39,000	1.49	3.07	147,000
Federal				3.74	1.92	231,000	2.99	2.10	202,000	6.73	2.00	433,000
Golden Flag				0.43	2.10	29,000	0.33	1.92	20,000	0.76	2.02	49,000
Mt Pleasant				2.81	2.42	219,000	8.47	2.95	803,000	11.3	2.82	1,021,000
Rose West				0.46	1.80	27,000	0.03	1.81	2,000	0.50	1.80	29,000
Natal							0.38	2.46	30,000	0.38	2.46	30,000
Janet Ivy				3.39	1.23	133,000	2.32	1.24	93,000	5.71	1.23	226,000
Jakarta				1.77	1.15	65,000	0.42	1.02	14,000	2.19	1.13	79,000
Green Gum				2.01	2.53	163,000	0.21	5.11	35,000	2.22	2.78	198,000
Blue Gum East				0.20	3.10	20,000	0.13	1.44	6,000	0.34	2.45	26,000
Homestead UG	0.07	22.6	49,000	0.11	15.6	55,000	0.09	12.6	38,000	0.27	16.5	142,000
Golden Kilometre							0.76	4.17	102,000	0.76	4.17	102,000
Tuart UG							0.74	6.00	142,000	0.74	6.00	142,000
Lady Bountiful Extension				2.82	1.72	156,000	1.43	1.73	79,000	4.25	1.72	235,000
Fort William				0.23	2.20	16,000	1.78	1.26	72,000	2.00	1.37	88,000
Fort Scott				0.32	2.08	21,000	0.13	1.26	5,000	0.45	1.84	27,000
Navajo Chief				15.8	1.01	511,000	3.17	1.08	110,000	18.9	1.02	621,000
Navajo Chief Low Grade				12.8	0.60	244,000	2.67	0.59	51,000	15.4	0.59	295,000
Apache							0.63	1.67	34,000	0.63	1.67	34,000
Ben Hur (1,2,3)				3.60	1.20	139,000	5.68	2.08	381,000	9.29	1.74	520,000
Pitman South							0.10	2.20	7,000	0.10	2.20	7,000
Walsh & Walsh North							0.42	1.77	24,000	0.42	1.77	24,000
Matts Dam							0.34	1.47	16,000	0.34	1.47	16,000
Porphyry				1.66	1.09	58,000	0.68	1.25	27,000	2.34	1.14	85,000
Liberty West							0.54	1.94	34,000	0.54	1.94	34,000
Stockpiles	0.81	0.80	21,000	0.64	0.73	15,000	1.37	0.65	29,000	2.82	0.71	65,000
Total Mineral Resource	**0.88**	**2.49**	**70,000**	**68.3**	**1.45**	**3,195,000**	**41.6**	**2.01**	**2,696,000**	**110.8**	**1.67**	**5,961,000**

** Apparent arithmetic inconsistencies are due to rounding*