

Corporate Governance Statement

Principle 8: Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendations and response:

R8.1: The board should establish a remuneration committee.

Norton knows that recognition and reward are key factors in attracting and retaining the skills required to achieve the performance expected by the board, management and shareholders.

On 7 December 2010 the board agreed to establish a remuneration committee. However as the remuneration charter has not been finalised, the board continued to act as a remuneration committee during the reporting period. The board anticipates that the remuneration charter will be finalised during the 30 June 2012 reporting period.

The directors believe that the approach being followed, as described above, is appropriate in light of the current size of the board and the particular circumstances of the company.

R8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Total remuneration paid to non-executive directors may not exceed the limit set by shareholders at the annual general meeting (currently \$400,000). The remuneration of the non-executive directors is fixed rather than variable. In relation to executive remuneration, the board takes advice regarding the nature and direction for the company's remuneration practices. The board ensures that a proportion of each senior manager's remuneration is linked to his or her performance and the company's performance. Remuneration is also benchmarked against the company's peers in the resources industry.

The remuneration structure for directors and senior executives is reported in the remuneration section of the company's annual report.

R8.3: Companies should provide the information indicated in the guide to reporting on principle 8.

- Information related to principle 8 is presented above.