

Corporate Governance Statement

The directors and management of Norton Gold Fields Limited are committed to following the Principles issued by ASX underpinning corporate governance best practice.

In responding to the Principles and associated Best Practice Recommendations, Norton has given due and careful regard to its particular circumstances and the best interests of its shareholders.

ASX Listing Rules require listed companies to disclose in their Annual Report the extent to which ASX Best Practice Recommendations have been followed; identify which Recommendations have not been followed; and provide reasons for their decisions.

As detailed in this *Corporate governance statement*, Norton considers its current governance practices comply with 22 of the 27 ASX Recommendations. Where arrangements differ from the Recommendations, the directors and management believe this is appropriate to the Company's individual circumstances and represents good practice.

Current practices do not comply in the following areas:

R2.1 *A majority of the board should be independent directors.*

R2.4 *The board should establish a nomination committee.*

R2.5 *Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.*

R4.2 *Structure the audit committee so that it consists of at least 3 members*

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

The Company will keep the Recommendations in continuous review and as company circumstances change we expect to move towards full compliance. Decisions will be based on what is in the best interest of shareholders.

The remainder of this statement sets out each Principle, associated *Best Practice Recommendations*, and the Company's response.

Principle 1: Lay solid foundations for management and oversight

Principle 2: Structure the board to add value

Principle 3: Promote ethical and responsible decision-making

Principle 4: Safeguard integrity in financial reporting

Principle 5: Make timely and balanced disclosure

Principle 6: Respect the rights of shareholders

Principle 7: Recognise and manage risk

Principle 8: Remunerate fairly and responsibly.

Principle 1: Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendations and response:

R1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The board has defined the specific functions reserved for the board and its committees and those matters delegated to management.

The board is accountable to shareholders for Norton's performance. It oversees and guides management in protecting and enhancing the interests of shareholders and other stakeholders. It sets the strategic direction of the Company, establishes goals for management and monitors progress towards those goals.

The board's functions encompass:

- setting of objectives, goals and corporate direction
- adopting, and monitoring progress regarding, agreed plans
- ensuring adequate internal controls are in place and appropriately monitored for compliance
- ensuring significant business risks are identified and managed
- setting compensation arrangements for executive directors and senior management
- encouraging ethical behaviour throughout the organization
- appointing the Managing director, and where appropriate, effecting his/her removal and that of other senior executives including the company secretary
- liaising with external auditors.

The board has delegated day-to-day management of the Company to the Managing director who is responsible for Norton's operating and financial performance, developing and recommending corporate strategy to the Board, and its subsequent implementation. Specific accountabilities are set out in the Managing director's role description encompassing strategy, operating performance, new business projects, risk management, systems, performance culture and the Company's image and reputation.

The Managing director holds the executive team individually and collectively accountable for contributing to discharging his/her delegated accountabilities. The specifics are set out in explicit role descriptions for each executive function.

Each director and senior executive has a formal letter of appointment setting out the key terms and conditions relative to their appointment.

R1.2 Companies should disclose the process for evaluating the performance of senior executives.

The board is accountable for the proper oversight of executive directors and senior management.

A process is in place for reviewing senior management performance and continuously improving the contributions executives make to the Company.

Performance objectives and business plans for the Company are set at least annually and refreshed each quarter in line with Norton's business strategy. The board monitors performance against plan and on this basis monitors and assesses the performance of the Managing director.

The process in place for monitoring senior executive performance is based on explicit role accountabilities encompassing regular systematic performance reporting, feedback and formal assessment. This is on a fortnightly, quarterly and annual basis. There is a strategic review at least annually.

R1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.

Performance evaluation of senior executives has taken place in FY2009 and is in accordance with the process as set out in R1.1 and R1.2 above.

Information related to Principle 1 is presented above and in the [Company's Annual Report](#).

Principle 2: Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendations and response:

R2.1 A majority of the board should be independent directors.

Norton recognises the importance of having a board of the appropriate composition, size and commitment for it to discharge its responsibilities and duties and believes that its board has a balance of skills, experience and independent thinking appropriate to the nature and scope of the Company's operations.

A majority of the directors on the board do not meet the ASX definition of independence. Two of the four board members, Mr McLellan and Mr McCauley, meet the definition.

The board has determined the independence status of each current director as follows:

Director	Position	Independent	Reason
A. Anthony McLellan	Non-executive Chairman	Yes	The board considers that Mr McLellan is free of any relationship that could, or could be seen to, materially interfere with the independent exercise of judgement
Jon B. Parker	Managing director	No	Mr Parker is an executive director
A. Timothy Prowse	Executive Director	No	Mr Prowse is an executive director



Mark McCauley	Non-executive Director	Yes	For the reasons discussed below, the board considers that Mr McCauley is free of any relationship that could, or could be seen to, materially interfere with the independent exercise of judgement Disclosures in relation to Mr Mark McCauley
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Mark McCauley is related to (the son of) Ian McCauley. Ian McCauley is the controller of BPI Norton Pty Ltd, a substantial shareholder and noteholder in Norton.

Mark McCauley is also the principal of the investment banking and consulting firm, RMM Capital Pty Ltd. RMM Capital has provided consultancy services to Norton which the board considers to be of an immaterial nature.

In relation to these matters, the board has been advised by Mark McCauley that:

- (a) From time to time, RMM Capital provides services, including investment advice, to substantial shareholders and noteholders in Norton, namely BPI Norton and PR Norton Pty Ltd (Holders).
- (b) From time to time, Mark McCauley holds a power of attorney to perform administrative tasks on behalf of those substantial Holders.
- (c) Mark McCauley does not control the Holders and RMM Capital merely acts on instructions from Holders.

Against the background of these disclosures, the other members of the board have determined that:

- (a) The family relationship with Ian McCauley does not disqualify Mark McCauley from being considered an independent director, there being an independent exercise of judgement by Ian McCauley with respect to matters concerning his indirect interest in Norton securities.
- (b) Although RMM Capital does advise the Holders and Mark McCauley is the principal of RMM Capital, the board does not consider that based on its understanding of the nature of the services provided by RMM Capital to the Holders, that such relationship could or could be seen to, materially interfere with the independent exercise of judgement by Mark McCauley.

Disclosures in relation to Mr Ian McCauley

Ian McCauley is an alternate director (for Mark McCauley). Although the board has not included alternate directors for the purposes of determining compliance with Recommendation 2.1, for the avoidance of doubt, given Ian McCauley's relationship with PR Norton, the board considers that Ian McCauley would not be independent.

The Board recognises that there are occasions when the board or directors believe that it is in their interests and the interests of the Company to seek independent professional advice. Directors can seek independent professional advice at the Company's expense in furthering their duties.



The first point of contact for a director in need of external advice is the Company secretary.

R2.2 The chair should be an independent director.

The chair, A. Anthony McLellan, is an independent director.

R2.3 The roles of chair and chief executive officer should not be exercised by the same individual.

The role of chief executive officer is exercised by the Managing director Jon Parker.

R2.4 The board should establish a nomination committee.

The board itself acts as the Nominations Committee rather than having a separate committee constituted for that purpose.

The directors believe that this is appropriate in light of the size of the board and the particular circumstances of the Company. The nominations process involves working within a formal procedure for the nomination, selection and appointment of new directors. The procedure is set out in the "[Directors and management](#)" section of this website.

The size and composition of the board will undoubtedly grow as Norton delivers on its strategy and the mix of skills and capabilities requisite for the Company evolve. This will be kept in continuous review.

R2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The board does not have a formal process for evaluating the performance of the board, its committees and individual directors.

However, a process is in effective use for continuously improving the Board's systems, procedures and quality of decision making. This encompasses continuous attention to all matters that provide an opportunity to improve the creation of value to the Company's shareholders via actions of the board, its committees and individuals in developing strategy, decision making and monitoring the Company's performance. The Chairman is accountable for ensuring this improvement process is effective and works closely with the Company secretary and Managing director for putting this into effect.

The Company secretary is accountable to the board, through the chair, on all governance matters.

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 and honors the spirit of Recommendation R2.5.

R2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.

The [Directors and management](#) section of the Company's website sets out:

- the skills, experience and expertise of each Board member relevant to their role as a director
- the basis on which Mr McLellan and Mr McCauley have been identified as an independent directors by the Board
- the procedure for directors to take independent advice at the Company's expense
- how the functions of a nomination committee are carried out by the board.

Departures from Recommendations R2.1, R2.4 and R2.5 are explained above.

Principle 3: Promote ethical and responsible decision-making

Actively promote ethical and responsible decision-making.

Recommendations and response:

R3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:

- **the practices necessary to maintain confidence in the company's integrity**
- **the practices necessary to take into account their legal obligations and the expectations of their stakeholders**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

The board and management are committed to establishing and maintaining a high degree of integrity among those who set or influence the Company's strategy and financial performance, together with responsible and ethical decision-making that take into account legal obligations as well as significant stakeholders' interests.

Norton's intends to become a significant mining company and be increasingly recognised as a company people want to work for, do business with and own. This will be the result of:

- excellent operations performance
- clear credible strategy being well implemented
- growth demonstrated in the past and planned for the future
- strong balance sheet
- board and management of high capability and highest credibility
- a fully informed market.

Norton's growth will come from acquiring, developing and operating assets where it can create value.

Norton's decision-making and behaviour, in everything we do, will be consistent with the above. The Company has adopted a Code of Conduct as follows.

Directors act in accordance with the following principles:

A director:

- acts honestly, in good faith and in the best interests of the Company overall
- uses due care and diligence in discharging the functions and exercising the powers of office

- uses the powers of office for proper purposes in the best interests of the Company overall
- recognises that the primary responsibility of a director is to the Company's shareholders as a whole, with appropriate regard for the interests of other stakeholders.

A director does not:

- make improper use of information acquired as a director
- take improper advantage of the position of director
- allow personal interests, or the interests of any associated person, to conflict with the interests of the Company
- engage in conduct likely to bring discredit upon the Company.

A director:

- is independent in judgment and action and takes all reasonable steps to be satisfied as to the soundness of all decisions taken by the board
- accepts that confidential information received in the course of the exercise of directorial duties remains the property of the Company and that it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company or is required by law.

Each director, senior executive and each employee is individually accountable for bringing potential matters of unethical behaviour to the attention of the organisation at an appropriate level. An individual whose attention is so drawn is accountable for using the powers of their office/role to deal appropriately with such matters.

The board considers that the above general principles and statements of intent, alongside the commitment to make Norton a great company at board and senior executive levels, provides an appropriate and sound basis for promoting ethical and responsible decision-making in light of the current size and circumstances of the Company.

R3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

The Policy for Trading in the Company's securities restricts the times and circumstances in which directors and senior executives may purchase or sell shares in the Company.

Directors and senior executives are required to promptly advise the Company secretary of their activities regarding trading in Norton shares so this can be notified to ASX (where required).

Directors and senior executives may only buy or sell Norton shares during any of the 10 business-day periods commencing two business days following:

- announcement of the quarterly report; or
- announcement of the half-yearly results; or
- announcement of the annual results; or
- the annual general meeting; or
- any general announcement of the latest financial status of the Company; and

only then if not prohibited by the restriction that no director or employee may buy or sell shares (or hint, suggest, ask or tell anyone else to do so) at any time when they are aware of price sensitive information about the Company which has not been disclosed to ASX.

The Chair may allow trading outside of these windows in appropriate cases.

R3.3 Companies should provide the information indicated in the Guide to reporting on Principle 3.

Information related to Principle 3 is presented above and in the [Company's Annual Report](#).

Principle 4: Safeguard integrity in financial reporting

Have a structure to independently verify and safeguard the integrity of the company's financial reporting.

Recommendations and response:

R4.1 The board should establish an audit committee.

The board has established an Audit and Risk Management Committee which assists it to ensure that:

- the systems of control which management has established effectively safeguard the assets, tangible and intangible, of the Company
- financial information provided to shareholders and others is reliable
- effective risk management systems are in place.

The ultimate responsibility for the integrity of the Company's financial reporting rests with the full board.

R4.2 Structure the audit committee so that it consists of:

- **only non-executive directors**
- **a majority of independent directors**
- **an independent chair, who is not chair of the Board**
- **has at least 3 members**

The Audit and Risk Management Committee comprises two non-executive directors, namely, Mr Mark McCauley who is chair of the committee, and Mr A. Anthony McLellan. Both meet the ASX test of independence.

Norton does not comply with R4.2 as the committee has less than three members. 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.

R4.3 The audit committee should have a formal charter.

The Audit and Risk Management Committee works within a formal charter. It addresses its primary responsibilities by reviewing work performed by the external auditors and the Company's management supplemented by discussions, as deemed appropriate by the Audit

and Risk Management Committee, with senior executives, the external auditors and consultants. A copy of the charter is accessible via corporate governance webpage – Audit Committee Charter.

Specifically, in meeting its responsibilities, the Audit and Risk Management Committee is required to:

- provide an open avenue of communication between external auditors and the board of directors
- assure the professional independence of the external auditors
- meet with the external auditors at the completion of their annual and semi-annual examinations to review the auditors' evaluation of the fairness of the presentation of the financial statements, the financial position and operating results and the adequacy of management disclosures.

R4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.

Information related to Principle 4 is presented above and in the [Company's Annual Report](#). Departures from Recommendation R4.2 are explained above.

Principle 5: Make timely and balanced disclosure

Promote timely and balanced disclosure of all material matters concerning the company.

Recommendations and response:

R5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

Norton has a Continuous Disclosure Policy which aims to provide a timely and balanced picture of all material matters and which requires disclosure of any information concerning Norton that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

This does not apply to particular information where all of the following are satisfied:

- a reasonable person would not expect the information to be disclosed
- the information is confidential and ASX has not formed a contrary view
- one or more of the following applies:
 - it would be a breach of the law to disclose the information
 - the information concerns an incomplete proposal or negotiation
 - the information comprises matters of supposition or is insufficiently definite to warrant disclosure
 - the information is generated for internal management purposes
 - the information is a trade secret.

The Company's Continuous Disclosure Policy is as follows:

- the Board holds the Managing director accountable for communication with ASX in relation to all listing rule matters.

- executives are required to monitor all relevant information regarding the Company's affairs and test it against the Continuous Disclosure Policy on a day-to-day basis. If a potential disclosure obligation arises, it is brought to the attention of the Managing director and, in his absence, the Company secretary.
- required disclosures are made to ASX and posted on the Company's website.
- if matters are not clear-cut, the Managing director confers with another director and/or the Company's legal counsel to determine whether disclosure is required.
- the Chair and Managing director are the only persons authorised to make statements to the media on behalf of the Company. The exception is site-specific matters where the site general manager and, where applicable the project director, is authorised to make statements relevant to the local community.

R5.2 Provide the information indicated in Guide to reporting on Principle 5.

Information related to Principle 5 is presented above and in the [Company's Annual Report](#).

Principle 6: Respect the rights of shareholders

Respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendations and response:

R6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Norton's shareholder communications strategy seeks to enable shareholders to be well informed about the performance and affairs of the Company. The Managing director is accountable for implementing the communications strategy approved by the board.

The Company communicates with shareholders through a variety of means, including ASX releases, annual, half-yearly and quarterly reports, the Company website, general meetings and direct communication.

R6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.

Information related to Principle 6 is presented above and in the [Company's Annual Report](#).

Principle 7: Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

Recommendations and response:

R7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Norton recognises the importance of risk management; it manages risk through effective oversight and internal control involving board and management systems that encompass:

- a regulatory compliance program supported by approved guidelines and standards for such matters as safety, the environment, legal and insurance

- guidelines and approval limits for capital expenditure and investments
- an insurance program reviewed annually
- policies and procedures for management of financial risk and treasury operations including exposures to foreign currencies and cash management
- annual budgeting and monthly reporting systems for all businesses to monitor progress against performance targets and to evaluate trends
- appropriate due diligence procedures for acquisitions and divestments
- accountability of management (to the board) for the group's internal control and risk management through the Audit and Risk Management Committee
- a crisis management system in use and progressively updated to match emerging circumstances
- a policy that precludes the company's auditors from providing any other service to the Company.

This function is assisted by the Audit and Risk Management Committee whose charter is accessible via corporate governance webpage – Audit Committee and Risk Management Charter.

R7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Business Risk is a standing agenda item for board meetings where the effectiveness of the company's risk management systems and activities are reported on and assessed.

The effectiveness of the Company's management of business risk is reported in the [Company's Annual Report](#) and other advices released to ASX as may be appropriate.

R7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The board requires the Managing director and Chief Financial Officer to confirm in writing that declarations provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively.

R7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.

Information related to Principle 7 is presented above and in the [Company's Annual Report](#).

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.

The board acts as a Remuneration Committee and has not established a separate committee or specific charter for that purpose. The board has established general guidelines for the performance of this function in a formal set of Board Protocols is available on the corporate governance webpage.

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 \$(complete)). 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 significant proportion of each senior manager's remuneration is linked to his or her performance and the Company's performance.

Performance reviews are conducted regularly to determine the proportion that will 'at risk' for the upcoming year. Norton executives participate in an option scheme that is linked to Norton's share 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 and in the [Company's Annual Report](#).