

The Paddington Gold Mine

Norton owns and operates the Paddington Gold Mine which is currently producing 150,000 oz pa of gold from open cut operations.

Production will lift to more than 200,000 oz pa as the Homestead underground development comes on stream from December 2009. Mine life is more than 10 years.

Background

Paddington, 35 km north of Kalgoorlie, Western Australia, was acquired by Norton in August 2007.

In October 2008, the pipeline feeding the Paddington mill was strengthened through the acquisition of Bellamel Mining Limited.



First gold was won from Paddington in the late 19th Century via small underground workings; modern technology has enabled large scale open cut operations since 1985.

Current operations are based on the Janet Ivy and Havana pits with a series of pits planned for development over the next 10 years.

Paddington has over 300 mining leases covering 1,250 sq km of highly prospective exploration ground. Ninety-five per cent of exploration has been at less than 100 m.

Targets

Paddington is quickly stepping up to become an effective operation. The mill is performing excellently; mining has improved since the December Quarter 2008 and continues to do so; we



Paddington mill

have a competent life of mine plan (LoM) covering the next 10 years.

Paddington's targets are:

- lift production to 200,000 then 250,000 oz pa
- increase Reserves to 1.5 million oz by June 2010
- reduce total cash costs to A\$750 per oz
- lift mill feed grade from 1.6 g/t to 2.5 g/t
- strengthen the LoM.

Resources and Reserves

The Paddington geological database acquired by Norton included data from ~60,000 drill holes and appraisal work undertaken over more than 25 years. The Paddington area of 1,250 sq km contains over 130 known projects of which 78 have been the subject of modern exploration.

Our review of the geological database and subsequent drilling and assessment has identified 6.13 million oz of Mineral Resources including 1.24 million oz of Ore Reserves as of 30 June 2009.

Bellamel added significant gold resources and gives early access to higher-grade oxide ore.

Paddington spends more than \$7.5 million a year on exploration. Recent work has involved drilling of the Mount Pleasant and Kalgoorlie West areas, updating the Golden Cities and Kalgoorlie West deposits, and targeting near-mine, shallow, and oxide ore extensions to known mineralisation.

The Resource and Reserve position is updated progressively as assessments are completed.

Mineral Resource estimate for Paddington Gold Mine As at 30 June 2009 (including Ore Reserves)

Resource category	Million tonnes	Grade (g/t)	Gold (oz)
Total Mineral Resource	100.00	1.91	6,129,000

Ore Reserve estimate for Paddington Gold Mine As at 30 June 2009

Resource category	Million tonnes	Grade (g/t)	Gold (oz)
Total Ore Reserve	20.74	1.86	1,239,000

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Mining

Open cut mining of a series of pits will provide the base-load to deliver 150,000 oz pa over 10 years. This is set out in the LoM posted on Norton's website and announced to the market in July 2009.



Havana pit

The path to achieving the 2.5 g/t target involves adding high grade ore from Homestead and Mount Pleasant underground from December 2009, optimising and strengthening the LoM and adding resources through exploration.

Processing

The 3.3 Mtpa mill, based on conventional carbon-in-pulp technology, is large, efficient, low cost and a strategic asset in the goldfields.

Mill performance has been excellent since Norton took over, with availability better than planned.

The plant comprises a cone crusher, a ball and SAG mill grinding circuit, gravity recovery and cyanide leaching. Gold is extracted from slurry in the leaching circuit onto activated carbon before pumping the carbon to an elution column to wash gold into solution.

The gold-bearing solution is then passed through a series of electro-winning cells that deposit the gold onto stainless steel cathodes.

The cathodes are rinsed to yield a gold sludge that is dried then smelted into gold doré bars with ~75 per cent gold. The bars are sent to the mint for refining into gold bullion.

Production

Historical gold production is summarised in the following table:

	2004	2005	2006	2007	2008	2009
Ore treated (kt)	3,029	2,834	3,001	3,011	3,135	3,208
Grade (g/t)	2.6	2.6	2.9	2.2	1.5	1.4
Recovery (%)	94	94	94	94	92*	91*
Cash cost (A\$ per oz)	478	576	501	N/A	754	791
Gold produced (koz)	244	243	259	214	126	135

Periods 2004 to 2008 represent calendar years. This includes a period of ownership by the Barrick Group. 2009 represents the financial year.

** lower recovery reflects the successful carbonaceous trial*

Paddington No. 1 and 2 open cut pits were mined until 2002. In 1994, mining stepped up and the plant was upgraded to 3.0 Mtpa.

Exploration and acquisitions have underpinned the pipeline of mill feed since the original Paddington open cut was mined out in 2002.

A merger with Delta Gold in 2001 gave Paddington additional sources of mill feed such as the Red Hill deposit which was mined out in June 2007. Prior to Norton's ownership the Mount Pleasant and Ora Banda properties were acquired from the administrator of Centaur Mining Limited, and Golden Cities was acquired from AMX.

The Paddington void is used for in-pit tailings storage and has capacity for the next 20 years.

Innovation

Paddington is committed to using innovation where this can improve business outcomes.

We've introduced dozer push to the goldfields. Dozer push is common in the coal sector and suitable for Paddington's style of mining. It offers unit costs more than 50 per cent lower than for truck and shovel operations – we aim for dozer push to account for 15 to 20 per cent of mining at Paddington.

We're introducing Sleipner transporters that we expect to cut the time to move diggers between pits from five days to five hours.

And Paddington successfully treated carbonaceous shale during April 2009. Paddington has significant shale dumps - mining costs are minimal and more than offset lower recoveries. Shale will be processed at the end of the life of mine, or earlier, where conditions warrant.

Community and environment

Paddington is strongly committed to its local and regional communities and has allocated \$2.00 for every oz of gold produced to support social needs via partnerships with not-for-profit organisations.

Paddington is committed to the pursuit of excellence in environmental performance.