

NORTON GOLD FIELDS MARCH 2009 QTR: STRONG CASHFLOW FUNDS EXPANSION PLANS

	Mar Qtr	Dec Qtr	Change
Production (oz)	36,153	31,820	14%
Head Grade (g/t)	1.48	1.41	5%
Average Price (A\$/oz)	1,371	1,183	16%
Cash Operating Cost (A\$/oz)	743	795	-7%
Development Cost (A\$/oz)	131	64	105%
Total Cost (A\$/oz)	874	859	2%
Gross Margin (A\$/oz)	497	324	53%
Other Investment Activities			
Capital Expenditure (A\$/oz)	35	-	
Exploration/Evaluation (A\$/oz)	41	41	
Total Other Investment (A\$/oz)	76	41	
Cash Surplus (Deficit) (A\$/oz)			
	421	283	49%
Balance Sheet Performance			
Cash Balance (A\$m)	40.3	22.8	77%
Interest Bearing Loans (A\$m)	38.0	38.0	
Hedging Liability (A\$m)	109.0	102.0	7%
Share Capital			
Shares Outstanding (m)	420.0	420.0	
Directors Holding	90.4	90.4	
Director Holdings (%)	22%	22%	
Share Price (A\$) (End of Qtr)	0.145	0.095	53%

Norton Gold Fields (ASX:NGF) had a strong March quarter with a 14% increase in production levels thanks largely to the accessing of higher grade zones at the Havana and Robinsons open pits. Lower stripping ratios and better productivity also delivered a 38% increase in ore tonnes mined. This contributed to a 7% improvement in cash operating costs. Development costs which include capitalized exploration, pre-stripping activities and capital works (excluding new projects) doubled to \$131/oz for the quarter. This more than negated the operational cost improvements and led to a marginally higher total cost per oz of A\$874/oz. A higher average gold price received of A\$1,371/oz secured a 53% improvement in gross margins. There was no gold delivered into forward sales agreements during the quarter.

The capital expenditure during the quarter was largely made up of infrastructure costs relating to the Homestead underground development. Decline development has commenced with first production scheduled by December 2009. Norton expects Homestead, and subsequent underground mines planned for the area (Tuart, Marlock and Green Gums) to potentially produce up to 100,000 oz per annum for 8 -10 years. This is in addition to the 150,000 oz per annum from existing open cut operations. Homestead has a JORC compliant

resource base of 189,000 oz @ 11.9 g/t with an ore reserve of 105,000 oz @ 8.9 g/t. The deposit remains open at depth and along strike.

Exploration centered on resource conversion drilling with a detailed review of the recently acquired Bellamel assets. Conversion drilling and project optimisation has allowed further improvements to the Life of Mine Plan with the introduction of new projects. The focus of exploration activities were Red Hill and Kalgoorlie West. Drilling Highlights include:

Waldon Deposit (Red Hill):

- 6m @ 12.7g/t or 76.2 grade metres.
- 7m @ 10.8g/t or 75.6 grade metres.
- 10m @ 4.7g/t or 47 grade metres.
- 9m @ 4.5g/t or 40.5 grade metres.
- 12m @ 2.98g/t or 35.8 grade metres.
- 9m @ 3.9g/t or 35.1 grade metres.

Fort William deposit (Kalgoorlie West):

- 11m @ 2.1g/t or 23.2 grade metres.
- 22m @ 3.0 g/t or 66 grade metres.
- 12m @ 2.45g/t or 29.4 grade metres.
- 11m @ 3.48g/t or 38.3 grade metres.

Looking at the balance sheet for Norton we see a very healthy cash injection of \$17.5m thanks to the strong operational performance at Paddington. Interest bearing liabilities were unchanged. The hedging liability rose 7% due to a higher local gold price and no delivery of gold into the forward sales agreements. The share price for Norton rose 53% during the quarter and has since risen another 55% to \$0.225 on the back of this stronger result. We will continue to following Norton's progress with many exciting projects in the pipeline. These include Homestead, the Sienna Coal project (recent resource announced) and the Mount Morgan gold tailings project which will utilize the refurbished Kundana plant (acquired as part of the Paddington acquisition) to produce 35,000 oz per annum as well as copper by-product.

Troy Schwensen
www.globalspeculator.com.au

DISCLAIMER

This article has been prepared from publicly available information and is general in nature and should not be misconstrued as a recommendation to buy and sell securities. It has been prepared by the author to update readers on a variety of company activities and observations that the author considers may be of interest to readers.