



20 June 2014

## **TRANSCRIPT OF CONFERENCE CALL TO PROVIDE UPDATE ON BULLABULLING GOLD TAKEOVER**

### **Dr Dianmin Chen (Managing Director and CEO, Norton Gold Fields):**

Thank you all for joining me today. Norton Gold Fields recently increased its cash offer for Bullabulling Gold to 8c a share, conditional on Norton reaching a 30 per cent interest in Bullabulling by 30 June 2014. As of 19 June, Norton has a 18.8% holding in Bullabulling and is now their largest shareholder. Norton strongly believes that by continuing to reject the bid, the Bullabulling board is failing to act in the best interests of its shareholders and is providing them with poor advice.

Their rejection advice reflects the valuation range of 11.1-16.1 cents a share provided in the independent expert's report which Bullabulling published with their Target's Statement. We believe this valuation was reached using a methodology that is flawed, principally because it relies upon comparable transaction multiples from 2012 and early 2013, a period in which the market for gold equities was significantly stronger than it is today. The Independent Expert in fact noted a valuation range of 7.0 cents to 8.7 cents, incorporating a control premium of 40% to 45%, under the quoted market price methodology. This measure of valuation was discounted from the preferred valuation range on the basis of limited trading volumes in Bullabulling shares. In our opinion, this was a flawed approach and was driven in part by the fact that the Independent Expert appears to have ignored trading in Bullabulling shares on the AIM market in London.

If the Offer closes without Norton having succeeded in taking over Bullabulling, the Bullabulling share price will, in all likelihood fall back to where it was trading at prior to 17 April when the offer was announced, around 3.5 to 4 cents.

Bullabulling has indicated that it needs to raise money if it is to complete the feasibility study on its namesake project, which, if it is possible at all, is likely to be carried out at a level which results in significant dilution for Bullabulling's shareholders. In its March quarterly report, Bullabulling reported its cash balance at \$3 million and forecast that it would have \$815,000 remaining at the end of June, suggesting that at current burn rates it will shortly have expended this cash reserve. It will be obliged to raise significant new funds in the near term which is likely to be carried out on terms which are dilutive to shareholders.

We note that the Bullabulling directors' remuneration increased to an aggregate more than \$900,000 for 2013, a very significant increase of 70% from the \$529,061 they were paid in 2012. The directors own less than 1% of Bullabulling's shares, and there is little evidence of them buying shares on market which one would expect them to do if they really believe that the company's shares are so significantly undervalued at 8 cents, let alone at the share price levels prior to Norton's offer being made. We therefore question whether the directors are acting in the best interests of all shareholders in making their recommendation to reject the offer.

We believe that the Offer to Bullabulling Shareholders represents value for their shares in today's market, with the 8 cent conditional offer providing a generous premium of 48% to Bullabulling's VWAP for the 3 months prior to the offer, whilst removing their exposure to the very significant risk that Bullabulling will not be able to raise the funding to develop its project.

Thanks

## Question and Answer

**Adam Goulding:**

I want to ask a question regarding if you get over 30% in Bullabulling, what are your long term plans, being the largest shareholder, how do you see it playing out over the next few years?

**Dianmin Chen:**

If we have 30% of Bullabulling shares, we will look at the [Bullabulling Gold] project and have a solid plan to move it forward. Norton Gold Fields has a very supportive shareholder, Zijin Mining Group, which is the largest gold producer and second largest copper producer in China; they have rich expertise in developing low grade deposits and have good access to low cost funding from banks. If we are involved in the development of the Bullabulling project, we will be able to use Zijin's experience and readily accessible funding to develop it.

**Yuen Low, Shore Capital:**

Hello. Can I just ask, let's say you only get 25% of Bullabulling, or even say 30 or 35%, what do you plan to do with that in terms of your holding? Will you keep buying or will you just leave it there or will you dispose? Thank you.

**Dianmin Chen:**

I think if, once we get 30-35%, we will review the situation. Certainly this gives us the option to move forward. I think, with 35%, this is still a good holding in a good company; however, at this stage we cannot speculate as to what may happen. I think for us to get 30%, what we'll do is really focus on the project, what we're going to do with the project - we are very keen to develop the project – that is the key of our involvement. In terms of the percentage share of Bullabulling, it's not an important factor; the important factor is that Norton would like to be involved in the project.

**Bobby Morse, Buchanan:**

Good morning, just a quick question. In terms of the Bullabulling asset and the proximity to your existing assets in terms of the Paddington mine which is producing, what, if any, are the synergies possible for Norton in terms of developing the Bullabulling project?

**Dianmin Chen:**

Thanks Bobby. Norton Gold Fields has an operating mine in Kalgoorlie [Western Australia]. We produced 172,000 ounces [of gold] in 2013. Bullabulling is only a 1 hour drive from our existing operations, which would offer some operational management synergies and sharing of resources. Most importantly, as I mentioned before, Zijin and Norton has good expertise in developing low grade ore bodies and we have readily accessible funds to develop the project.

**Dianmin Chen**

Thank you very much for participating in this telephone conference call.