NORTON GOLD FIELDS LIMITED

ASX/MEDIA ANNOUNCEMENT

28 February 2014

December 2013 Appendix 4E

Unaudited Results for announcement to the market

Key Points for the Year ended 31 December 2013

- ▷ **Gross profit of $42.298 million**
- ▷ **Net income after tax of $22.465 million**
- ▷ **Net cash from operations of $66.132 million**
- ▷ **December cash and cash equivalents balance of $40.616 million**

*** Gross profit accounts for all operating costs along with changes in inventories, depreciation and amortisation.**

The financial report and Appendix 4E (Rule 4.3A) Preliminary Report is attached.

Visit us at www.nortongoldfields.com.au

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Company Secretary
Norton Gold Fields Limited

Appendix 4E (Rule 4.3A)

Preliminary Final Report

For the year ended 31 December 2013

Results for announcement to the market

	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000	Increase/ Decrease	% movement
Total Revenues	259,677	241,041	Increase	7.7
Income (loss) for the year attributable to the owners of the parent entity	22,465	(15,102)	Increase	248.8

Current reporting period: Year ended 31 December 2013

Previous corresponding period: 6-months ended 31 December 2012

The Australian Securities and Investments Commission (ASIC) granted relief to enable the company to change its financial year end date from 30 June to 31 December. The change of year end enables Norton Gold Fields Limited to align its financial year end date with that of its ultimate parent company, Zijin Mining Group Company Limited ("Zijin"). As such the amounts presented in the financial report are not entirely comparable. Effective 1 January 2013 the financial years of the company are for the 12 months periods ending 31 December. The results for the year ended 31 December 2012 are presented above as the comparable period.

Audit

This report is based on the consolidated annual financial report which in the process of being audited.

Financial report

The attached annual financial report meets the disclosure requirements not specifically identified in this document. The terms used in listing rule 4.3A reconcile to the financial report as follows:

Required	Presented
Statement of financial performance	Consolidated statement of comprehensive income
Statement of financial position	Consolidated statement of financial position
Statement of cash flows	Consolidated statements of cash flows
Statement of retained earnings	Consolidated statement changes in equity

Acquisitions and disposals

On 17 April 2013, Norton announced a friendly off-market takeover offer to acquire Kalgoorlie Mining Company Limited. The takeover was completed, with KMC subsequently delisted from the ASX in August 2013. The completed takeover brings together complementary assets and delivers greater production, cost efficiency and exploration upside for the Company.

Commentary on results for the year

Operating results

The consolidated net income after tax of the group for the 12 months ended 31 December 2013 is $22.465 million (6 months ended 31 December 2012: consolidated net loss after tax of $22.519 million).

The consolidated net income for the period reflects:

- total revenues of $259.677 million
- gross profit of $42.298 million
- net foreign exchange loss of $12.126 million
- profit before tax of $17.590 million

Financial Position

Net assets of the group have increased from $123.784 million at 31 December 2012 to $157.986 million at 31 December 2013, reflecting net profit for the year and the acquisition of Kalgoorlie Mining Company.

As at 31 December 2013, the company has $40.616 million cash and cash equivalents.

Dividends

No dividend was paid during the year.

Net tangible assets per share (fully diluted)

The net tangible assets per share were 29.64 cents for December 2013 and 14.86 cents for December 2012.

Additional 4E disclosures

Additional disclosure requirements can be found in the consolidated financial report attached to this report.

NORTON GOLD FIELDS
LIMITED

Financial Report

For The Year Ended
31 December 2013

ACN 112 287 797

Financial Report
31 December 2013

General information

These financial statements are the consolidated financial statements of the consolidated entity consisting of Norton Gold Fields Limited and its subsidiaries. The consolidated financial statements are presented in Australian dollars.

Norton Gold Fields Limited ("Norton" or "the Company") is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is:

Level 36 Exchange Plaza
2 The Esplanade
Perth
WA 6000

Consolidated statement of comprehensive income

For the year ended 31 December 2013

	Notes	12 months to 31 December 2013 $'000	Restated* 6 months to 31 December 2012 $'000
Revenue	4	259,677	114,079
Cost of sales	5	(217,379)	(122,628)
Gross profit/(loss)		**42,298**	**(8,549)**
Administrative expenses	6	(9,976)	(5,148)
Impairment of inventory		-	(11,033)
Other income	7	678	356
Profit/(loss) before net finance costs		**33,000**	**(24,374)**
Finance income	9	1,548	1,335
Finance costs	9	(16,958)	(7,872)
Profit/(loss) before tax		**17,590**	**(30,910)**
Income tax benefit	10	4,875	8,391
Profit/(loss) for the year attributable to the owners of the Company		**22,465**	**(22,519)**
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year attributable to owners of the Company		**22,465**	**(22,519)**
Earnings per share		**Cents**	**Cents**
Basic earnings/(loss) per share	37	2.52	(2.62)
Diluted earnings/(loss) per share	37	2.52	(2.62)

* Certain amounts shown here do not correspond to the 2012 consolidated financial statements and reflect adjustments made as detailed in Note 1(a).

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Norton Gold Fields Limited

Consolidated statement of financial position

As at 31 December 2013

	Notes	31 December	Restated* 31 December	Restated* 1 July
		2013 $'000	2012 $'000	2012 $'000
Assets				
Current Assets				
Cash and cash equivalents	11	40,616	19,018	55,891
Trade and other receivables	12	9,120	13,469	6,460
Inventories	13	32,107	21,336	35,900
Other assets	14	-	9,798	9,337
Total current assets		81,843	63,621	107,588
Non-current Assets				
Deferred tax assets	15	14,773	9,978	1,587
Exploration and evaluation assets	16	60,241	74,801	71,210
Capitalised mining costs	17	91,896	37,235	35,010
Property, plant and equipment	18	98,757	29,465	28,112
Other assets	14	3,675	20,882	19,737
Total non-current assets		269,342	172,361	155,656
Total Assets		351,185	235,982	263,244
Liabilities				
Current Liabilities				
Trade and other payables	19	29,664	33,592	32,837
Borrowings	20	17,017	38,000	3,738
Provisions	21	5,548	5,141	2,425
Other financial liability	22	175	-	-
Other liability	23	236	-	-
Total current liabilities		52,640	76,733	39,000
Non-current Liabilities				
Borrowings	20	113,335	11,568	40,808
Provisions	21	27,076	23,897	22,231
Other liability	23	148	-	-
Total non-current liabilities		140,559	35,465	63,039
Total Liabilities		193,199	112,198	102,039
Net Assets		**157,986**	**123,784**	**161,205**
Equity				
Contributed equity	24	186,841	176,652	174,252
Reserves	25	12,041	10,493	10,564
Accumulated losses		(40,896)	(63,361)	(23,611)
Total Equity		**157,986**	**123,784**	**161,205**

*Certain amounts shown here do not correspond to the 2012 consolidated financial statements and reflect adjustments made as detailed in Note 1(a).

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Contributed equity $'000	Option reserve $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2013	**176,652**	-	**10,493**	**(63,361)**	**123,784**
Comprehensive income					
- Profit for the year	-	-	-	22,465	22,465
Total comprehensive income for the year	**-**	-	-	22,465	22,465
Transactions with owners in their capacity as owners					
Share issued during the year	10,189	-	-	-	10,189
Options issued arising from takeover of KMC	-	1,463	-	-	1,463
Share-based payments	-	-	85	-	85
At 31 December 2013	**186,841**	**1,463**	**10,578**	**(40,896)**	**157,986**
At 1 July 2012	**174,252**	**-**	**10,564**	**(20,729)**	**164,087**
Changes in accounting policy	**-**	**-**	**-**	**(2,882)**	**(2,882)**
At 1 July 2012 (Restated*)	**174,252**	**-**	**10,564**	**(23,611)**	**161,205**
Comprehensive income					
- Loss for the period	-	-	-	(22,519)	(22,519)
Total comprehensive income for the period	-	-	-	(22,519)	(22,519)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs and deferred tax	2,400	-	-	-	2,400
Share-based payments	-	-	(71)	-	(71)
Dividends paid**	**-**	**-**	**-**	(17,231)	(17,231)
At 31 December 2012 (Restated*)	**176,652**	**-**	**10,493**	**(63,361)**	**123,784**

* Certain amounts shown here do not correspond to the 2012 consolidated financial statements and reflect adjustments made as detailed in Note 1(a).

** A special unfranked dividend of 2 cents per share in connection with the off market takeover by Jinyu (H.K.) International Mining Company Limited was paid on 24 August 2012.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 31 December 2013

	Notes	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Cash flows from operating activities			
Receipts in the course of operations		263,212	118,826
Payments in the course of operations		(197,172)	(104,089)
Interest received		1,513	1,200
Interest and borrowing costs paid		(3,157)	(6,001)
Other receipts		1,736	356
Net cash provided by operating activities	36	66,132	10,292
Cash flows from investing activities			
Net cash acquired on acquisition of subsidiaries	39	24	-
Payments for plant and equipment		(74,105)	(2,623)
Proceeds on disposal of exploration assets		10,000	-
Payments for exploration and mine development costs		(66,844)	(30,615)
Refund of/(payment for) security deposits		18,238	(1,145)
Net cash used in investing activities		(112,687)	(34,383)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,400
Proceeds from borrowings		105,896	49,568
Repayment of borrowings		(38,000)	(47,518)
Payments for finance lease liabilities		(37)	-
Dividends paid		-	(17,232)
Net cash generated from/(used in) financing activities		67,859	(12,782)
Net increase/(decrease) in cash and cash equivalents		21,304	(36,873)
Cash and cash equivalents at the beginning of the year/period		19,018	55,891
Effect of foreign exchange rate fluctuations on cash held		294	-
Cash and cash equivalents at the end of the year/period	11	**40,616**	**19,018**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the consolidated entity consisting of Norton Gold Fields Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.* Norton Gold Fields Limited is a for-profit entity for the purpose of preparing the consolidated financial statements.

The consolidated financial statements are presented in Australian dollars.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998, and in accordance with that Class Order, amounts in the consolidated financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

(i) Compliance with IFRSs

The consolidated financial statements of the consolidated entity also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments.

(iii) Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(iv) Comparative figures

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the consolidated entity presents an additional statement of financial position at the beginning of the earliest period presented when there is: a retrospective application of an accounting policy; a retrospective restatement; or a reclassification of items in financial statements that has a material impact on the consolidated entity. An additional statement of financial position as at 1 July 2012 is presented in these consolidated financial statements due to retrospective application of IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*, refer to Note 1(a)(v).

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(v) Changes in accounting policy

In November 2011, the AASB issued Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* ("Interpretation 20") which is effective for annual periods beginning on or after 1 January 2013.

Interpretation 20 clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 *Inventories* if benefits from the stripping activity are realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current stripping activity asset if certain recognition criteria are met. In such cases, the stripping activity asset must be accounted for as an addition to, or enhancement of, an existing asset, and will be classified as either tangible or intangible, according

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) Changes in accounting policy (continued)

to the classification of the assets of which it forms a part. It will be amortised over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Interpretation 20 is to be applied to production stripping cost incurred on or after the earliest period presented. As such, the earliest period of adoption for the consolidated financial statements at 31 December 2013 is 1 July 2012. If there was no identifiable component of the ore body to which the predecessor asset related, it was written off via opening accumulated losses at 1 July 2012.

Under the consolidated entity's previous accounting policy, stripping costs were accounted for as part of capitalised mining costs and depreciated over the expected useful life of the mine to which it related rather than the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity asset. As at I July 2012, there was a deferred stripping balance of $4,118,000 which was related to a surface mining operation that was in the production phase. In applying the requirements of Interpretation 20, the consolidated entity has determined that the entire deferred stripping balance related to components of the ore body that had already been extracted. Therefore, the entire opening deferred stripping balance has been written off via opening accumulated losses.

The impact of the change in accounting policy on the consolidated statement of comprehensive income and consolidated statement of financial position is included in the following table. Line items that have not been affected by the new accounting policy were excluded from the table.

	12 months to 31 December 2013			**6 months to 31 December 2012**		
Consolidated statement of comprehensive income	**Previous Policy**	**Adjustment**	**Restated**	**Previous Policy**	**Adjustment**	**Restated**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost of sales	(217,379)	-	(217,379)	(120,662)	(1,966)	(122,628)
Profit/(loss) for the year/period	22,465	-	22,465	(21,143)	(1,376)	(22,519)
Total comprehensive income/(loss) for the year/period	22,465	-	22,465	(21,143)	(1,376)	(22,519)
	Cents	**Cents**	**Cents**	**Cents**	**Cents**	**Cents**
Basic and diluted earnings/(loss) per share	2.52	-	2.52	(2.50)	(0.12)	(2.62)

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) Changes in accounting policy (continued)

	31 December 2012			1 July 2012		
Consolidated statement of financial position	**Previous Policy**	**Adjustment**	**Restated**	**Previous Policy**	**Adjustment**	**Restated**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-current Assets						
Deferred tax assets	8,153	1,825	9,978	352	1,235	1,587
Capitalised mining costs	43,318	(6,083)	37,235	39,128	(4,118)	35,010
Net Assets	**128,042**	**(4,258)**	**123,784**	**164,088**	**(2,883)**	**161,205**
Accumulated losses	(59,103)	(4,258)	(63,361)	(20,728)	(2,883)	(23,611)
Total Equity	**128,042**	**(4,258)**	**123,784**	**164,088**	**(2,883)**	**161,205**

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year and for the year then ended.

Control is achieved when the consolidated entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the consolidated entity controls an investee if, and only if, the consolidated entity has all of the following:

- Power over the investee which is existing rights that give it the current ability to direct the relevant activities of the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The consolidated entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the consolidated entity obtains control over the subsidiary and ceases when the consolidated entity loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the consolidated entity gains control until the date the consolidated entity ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the consolidated entity's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the consolidated entity are eliminated in full on consolidation.

The acquisition method of accounting is used to account for business combinations by the consolidated entity (refer to Note 1(i)).

1. Summary of significant accounting policies (continued)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

(d) Foreign currency translation

Items included in the financial statements of each entity of the consolidated entity are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Australian dollars, which is the consolidated entity’s presentation currency. The consolidated entity does not have any foreign operations.

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to the profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(e) Revenue recognition

Fine gold metal and fine silver metal revenue is measured at the fair value of the consideration received or receivable at the prevailing spot price. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured.

Interest revenue is recognised using the effective interest rate method. Interest revenue is included in finance revenue in the profit or loss.

(f) Finance income and finance costs

Finance income comprises interest income and foreign currency gains that are recognised in the profit or loss. Interest income is recognised as it accrues using the effective interest rate.

Finance costs comprise interest expense on borrowings, unwinding of discount on provisions and foreign currency losses on borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised in the profit or loss using the effective interest rate.

Foreign currency gains or losses are reported on a net basis.

1. Summary of significant accounting policies (continued)

(g) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except for if it arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances arises. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or recognised in the statement of profit or loss and other comprehensive income.

Norton Gold Fields Limited and its wholly-owned Australian resident entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. The head entity within the tax-consolidated group is Norton Gold Fields Limited.

(h) Leases

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the consolidated entity, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the consolidated entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

1. Summary of significant accounting policies (continued)

(h) Leases (continued)

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

(i) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest ('NCI') in the acquiree. For each business combination, the consolidated entity elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the consolidated entity acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Those mineral reserves, resources and exploration potential that can be reliably measured are recognised separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition-date fair value and any resulting gain or loss is recognised in the profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* ('IAS 39') is measured at fair value, with changes in fair value recognised either in the profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

(j) Impairment of non-financial assets

The consolidated entity assesses, at each reporting date, whether there is an indication that an asset or cash-generating unit ('CGU') may be impaired. Management has assessed its CGUs as being an individual mining area, which is the lowest level for which cash inflows are largely independent of those of other assets. If any indication exists, or when annual impairment testing for an asset is required, the consolidated entity estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining value in use, management judgement is applied in establishing forecasts of future operating performance, as well as the selection of growth rates, terminal rates and discount rates. These judgements are applied based on management's understanding of historical information and expectations of future performance.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

1. Summary of significant accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand and term deposits held at call with financial institutions with original maturities of three months or less but exclude any restricted cash. Restricted cash is not available for use by the consolidated entity and therefore is not considered highly liquid.

(l) Inventories

Inventories are measured at the lower of cost and net realisable value. Gold in circuit and ore stock piles are physically measured or estimated and cost comprises direct costs and an appropriate proportion of fixed and variable production overheads. The cost of raw materials and stores is determined on the weighted average cost basis. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence. Net realisable value is assessed monthly based on the amount estimated to be obtained from sale of items of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

(m) Financial assets – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. This category generally applies to trade and other receivables.

Trade and other receivables are generally due for settlement within no more than 30 days from the date of recognition. Due to their current nature, the carrying amount of trade and other receivables approximates fair value.

The carrying amount of trade and other receivables is reduced through the use of an allowance account and the loss is recognised in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the consolidated entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

(n) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an item of property, plant and equipment comprises its purchase price or construction cost, any costs directly attributable to bringing the item into operation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the item of property, plant and equipment. The capitalised value of a finance lease is also included in property, plant and equipment.

Subsequent costs are included in the carrying amount of an item of property, plant and equipment or recognised as a separate item of property, plant and equipment, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of an item of property, plant and equipment is calculated on a straight-line basis to allocate its cost, net of residual values, over the estimated useful lives, except for leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation rates used for each class of depreciable asset are as follows:

• Plant and equipment	8% - 60%
• Buildings improvements	2% - 10%

1. Summary of significant accounting policies (continued)

(n) Property, plant and equipment (continued)

The residual values, the useful lives and the depreciation method used are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

(o) Exploration and evaluation costs

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

If an area of interest is abandoned or is considered to be of no further commercial interest, the accumulated exploration costs relating to the area are written off against income in the year of abandonment. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment. To the extent that there are insufficient, un-depleted resource ounces relating to the particular area of interest, the capitalised costs relating to the area of interest are written off against income in the year. Exploration costs capitalised in relation to areas that have sufficient un-depleted resource ounces are reclassified to capitalised mining costs once a decision to proceed with development is made.

(p) Capitalisation and amortisation of mining costs

Mining expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units-of-production basis. Costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are amortised over the estimated life of that specific ore block or area.

Changes in factors such as estimates of proved and probable reserves that affect unit-of production calculations are dealt with on a prospective basis. Adjustments to expected life-of-mine production are taken up as an adjustment to the remaining amortisation rate. Potential adjustments are reviewed on a quarterly basis.

1. Summary of significant accounting policies (continued)

(p) Capitalisation and amortisation of mining costs (continued)

Open pit mines

In conducting the mining operations it is necessary to remove overburden and other waste materials to access the ore body of open pit mines. The costs of removing overburden and waste materials are referred to as stripping costs.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, if the following criteria are met:

(i) Future economic benefits (being improved access to the ore body) are probable;
(ii) The component of the ore body for which access will be improved can be accurately identified; and
(iii) The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the profit or loss as they are incurred.

Underground mining

Underground mining occurs progressively in various stages.

Underground mining costs are capitalised based on an average development metre rate multiplied by the development metre(s) for the period attributed to mining activities not occurring directly within the ore body (for example, general mine access development and infrastructure development).

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Due to the current nature of trade and other payables the carrying amount, approximates fair value. Trade and other payables are classified in the category, financial liabilities at amortised cost.

(r) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the consolidated entity are recognised at the time the proceeds are received, net of direct issue costs.

Financial instruments issued by the consolidated entity are treated as equity only to the extent that they do not meet the definition of a financial liability.

1. Summary of significant accounting policies (continued)

(r) Financial liabilities and equity instruments (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The consolidated entity de-recognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

(s) Rehabilitation provision

Provisions are made for mine rehabilitation and restoration when there is a present obligation as a result of exploration, development, production, transportation or storage activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas. Changes in estimates are dealt with on a prospective basis as they arise.

The provision for rehabilitation costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal and other requirements and technology. When a liability is initially recorded, the present value of the estimated cost of rehabilitation and restoration relating to exploration, development and milling facilities is capitalised into the cost of the related asset and depreciated or amortised over the life of the related asset. Over time, the discounted liability is increased for the change in the present value based on a discount rate that reflects current market assessments. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the provision at each reporting date.

Changes in the estimate of restoration and rehabilitation will be recognised as changes to the corresponding asset and rehabilitation provision when incurred. The unwinding of the effect of discounting on the provision is recognised as a finance cost in the profit or loss. Costs incurred that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

(t) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The consolidated entity documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair value of derivatives, are determined with reference to publicly disclosed gold curve information. The value attached to the derivatives coincides with the maturity dates of the derivatives and this value is then discounted back using the base rate of interest as published by the Reserve Bank.

1. Summary of significant accounting policies (continued)

(t) Derivatives and hedging activities (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in the hedge reserve in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

(u) Employee benefits

(i) Wages and salaries, annual and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

The consolidated entity makes contributions to accumulation superannuation funds. Contributions are recognised as an expense as they become payable.

(iv) Share-based payments

Equity-settled transactions

The fair value of shares and options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which employees become unconditionally entitled to the shares and options.

The fair value for shares is determined by market price at the grant date. The fair value for options is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

1. Summary of significant accounting policies (continued)

(u) Employee benefits (continued)

(iv) Share-based payments (continued)

Equity-settled transactions (continued)

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, from the date of the modifications, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) they are treated as if vesting occurred on cancellation or settlement, and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a Monte Carlo option pricing model, further details of which are given in Note 38. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

(v) Bonus plans

The consolidated entity recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The consolidated entity recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. If the consolidated entity re-acquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

1. Summary of significant accounting policies (continued)

(w) Earnings per share (continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(x) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(y) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

1. Summary of significant accounting policies (continued)

(z) Accounting standards issued but not yet effective

Reference	Title	Summary	Application date of standard	Application date for consolidated entity
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	1 January 2014
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 January 2014
AASB 2013-3	Amendments to AASB 136 – *Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 January 2014
AASB 2013-4	Amendments to Australian Accounting Standards – *Novation of Derivatives and Continuation of Hedge Accounting* [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 January 2014

1. Summary of significant accounting policies (continued)

(z) Accounting standards issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard	Application date for consolidated entity
AASB 2013-5	Amendments to Australian Accounting Standards – *Investment Entities* [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	1 January 2014
AASB 9	*Financial Instruments*	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.	I January 2017	1 January 2017

1. **Summary of significant accounting policies (continued)**

(z) Accounting standards issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard	Application date for consolidated entity
AASB 9 (continued)	*Financial Instruments* (continued)	(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10. The AASB issued a revised version of AASB 9 during December 2013. The revised standard incorporates three primary changes: 1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures; and 2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time.		

1. Summary of significant accounting policies (continued)

(aa) Parent entity financial information

The financial information for the parent entity, Norton Gold Fields Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Norton Gold Fields Limited.

(ii) Tax consolidation legislation

Norton Gold Fields Limited and its wholly-owned Australian entities have implemented the tax consolidation legislation.

The head entity, Norton Gold Fields Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Norton Gold Fields Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Norton Gold Fields Limited for any current tax payable assumed and are compensated by Norton Gold Fields Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Norton Gold Fields Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(iii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the consolidated entity is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances. The key estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of capitalised mining costs and property, plant and equipment

Certain assumptions are required to be made in order to assess the recoverability of capitalised mining costs and property, plant and equipment where there is an impairment indicator. Key assumptions include the future price of gold, future cash flows, future capital requirements, appropriate discount rate and estimates of recoverable reserves. Refer to Note 1(j) for relevant accounting policy.

The impairment assessment was based on future estimated cash flows expected over the life of mine, using a gold price of $1,450 per oz (2012: $1,600 per oz) and pre-tax discount rate of 8% (2012:15%).

Exploration and evaluation expenditure

Determining the recoverability of exploration and evaluation expenditure capitalised, in accordance with the consolidated entity's accounting policy (refer to Note 3(o)) where a potential impairment is indicated, requires estimates and assumptions as to whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This assessment requires estimates and assumptions about the resources, the timing of expected cash flows and future capital requirements. If, after having capitalised the expenditure under accounting policy Note 3(o), a judgement is made that recovery of expenditure is unlikely, an impairment loss is recognised in the profit or loss in accordance with accounting policy Note 3(j).

Rehabilitation provision

Paddington Gold Pty Ltd and Bellamel Mining Pty Ltd are required by the West Australian Department of Industry and Resources to ensure that appropriate rehabilitation is carried out on tenements that are mined. The amount of rehabilitation cost is an estimate based upon the estimated life of each mined tenement, as well as the future timing and cost of such rehabilitation. The provision is constantly revised as information about the life of mine, depth of mining and cost estimates are updated.

Recoverability of deferred tax assets

In determining the recoverability of the recognised deferred tax assets, management prepared and reviewed an analysis of estimated future results which support the future realisation of the deferred tax assets. The estimated future results have been derived from estimates also used for impairment assessments referred to in the notes to the consolidated financial statements. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the consolidated entity to realise the net deferred tax assets reported at the reporting date could be impacted.

JORC Compliant Resources and Reserves affecting amortisation

Accounting policy Note 1(p) 'Capitalisation and amortisation of mining costs' states that the capitalised mining costs are amortised over the estimated economic life of the mining assets on a units-of-production basis. The units-of-production basis is based on gold produced compared to total expected gold production over the life of the mine. Total expected gold production is based upon the resources and reserves for each mine. These resources and reserves are based upon a competent person evaluation which is Joint Ore Reserve Committee ('JORC') Code compliant. These estimates are updated as further drilling and mining information becomes available. In addition, the life of each mine is assessed on a quarterly basis. The life of mine has due regard to both its physical life limitations and the present assessments of economically recoverable reserves of the mine property at which it is located. As a result, future amortisation rates may increase or decrease dependent upon changes to a mine's mineral resources and ore reserves over the life of that mine.

3. Segment information

Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed by the chief operating decision maker (Chief Executive Officer) in assessing performance and in determining the allocation of resources. The consolidated group operates in the gold mining industry and derives virtually all revenue from the sale of gold. The operating segments identified by management are Paddington operations and Mount Morgan project.

Description of segments

The consolidated entity has identified its reportable operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer in assessing performance and in determining the allocation of resources. Its reporting is on an operational basis.

The reportable segments broadly align with two geographical locations in Australia as this is the source of the consolidated entity's major assets and operating activities which has the most effect on rates of return. The reportable segments are identified as follows:

- Paddington operations: this segment involves the Paddington and Bellamel tenements in Western Australia engaged in exploration, gold mining, processing of ore, and selling of gold bullion.
- Mount Morgan project: Mount Morgan is engaged in the evaluation, development, construction and eventual operation of a gold tailings recovery and processing operation in Queensland.

The following table presents information for reportable segments for the reporting periods ended 31 December 2013 and 31 December 2012.

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
12 months to 31 December 2013			
Total segment revenue	259,677	-	259,677
Intersegment revenue	-	-	-
Revenue from external customers	259,677	-	259,677
Segment result	43,003	-	43,003
Intersegment eliminations	-	-	-
Group allocated segment result	43,003	-	43,003
6 months to 31 December 2012			
Total segment revenue	114,079	-	114,079
Intersegment revenue	-	-	-
Revenue from external customers	114,079	-	114,079
Segment result	(9,541)	(660)	(8,881)
Intersegment eliminations	-	-	-
Group allocated segment result	(9,541)	(660)	(8,881)

The focus is on both the revenue and operating costs incurred by the operations which does not include any inter group charges. Hence, the Chief Executive Officer monitors segment performance based on the segment result (which excludes other comprehensive income).

3. Segment information (continued)

Reconciliation of segment result to profit/(loss) before income tax is as follows:

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Group allocated segment result	43,003	(8,881)
Impairment of inventory	-	(11,033)
Depreciation and amortisation	(105)	(12)
Corporate office activities	(9,592)	(4,380)
Other	(306)	(67)
Finance income	1,548	1,335
Finance costs	(16,958)	(7,872)
Profit/(loss) before tax	17,590	(30,910)

Segment assets are allocated based on the operations of the segment and which segment enjoys the risks and benefits of ownership (as opposed to legal ownership).

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
Total segment assets			
Year ended 31 December 2013	279,323	12,934	292,257
Period ended 31 December 2012	184,303	12,397	196,700

Reconciliation of segment assets to the consolidated entity's assets is as follows:

	2013 $'000	2012 $'000
Group allocated assets	292,257	196,700
Unallocated:		
Cash and cash equivalents	39,978	18,387
Trade and other receivables	1,314	382
Deferred tax assets	14,773	9,978
Exploration and evaluation assets	2,463	652
Property, plant and equipment	365	48
Deferred settlement receivable (refer Note 14)	-	9,798
Other assets	35	37
Total assets	351,185	235,982

3. Segment information (continued)

Information on additions to non-current assets associated with segments is provided on a regular basis to the Chief Executive Officer.

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
Total segment non-current asset additions			
31 December 2013	165,782	-	165,782
31 December 2012	33,213	-	33,213

The liabilities measure is not disclosed as the Chief Executive Officer does not focus on liabilities at a segment level for the purposes of making strategic decisions about the allocation of resources.

Revenue from two external customers which is the Perth Mint that accounted for 73% of the revenue (2012: 100% of the revenue) and Macquarie Bank Limited which accounted for 27% of the revenue (2012: Nil).

Assets of the consolidated entity are located in Australia.

4. Revenue

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Sales revenue		
Gold sales	258,918	113,713
Silver sales	759	366
Total sales revenue	**259,677**	**114,079**

5. Cost of sales

	12 months to 31 December 2013 $'000	Restated* 6 months to 31 December 2012 $'000
Mining expenses	76,396	37,358
Milling costs	39,122	20,515
Maintenance	20,515	12,062
Haulage	19,726	8,843
Royalties	8,622	3,448
General site costs	16,378	10,539
Change in inventories	(9,054)	3,799
Depreciation and amortisation	45,674	26,064
Total cost of sales	**217,379**	**122,628**

***Refer to Note 1(a)**

6. Administrative expenses

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Office expenditure	7,211	3,568
Depreciation	105	12
Rental expense	603	70
Insurance	113	153
Directors' fees	179	137
Professional and consulting fees	1,765	1,208
Total administrative expenses	**9,976**	**5,148**

7. Other income

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Other income	678	356
Total other income	**678**	**356**

8. Employee benefits

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Salaries, wages and related costs (including executive directors)	46,206	21,254
Equity-settled share-based payments	85	71
Cash-settled share-based payments	384	-
Superannuation contributions (defined contribution)	3,488	1,502
Total employee benefits	**50,163**	**22,827**

9. Net finance costs

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Finance income		
Unwinding of deferred receivable discount	-	461
Interest	1,548	874
Total finance income	1,548	1,335
Finance costs		
Net foreign exchange loss	(12,126)	-
Secured Note facility	(4,676)	(7,872)
Unwind of discount on provisions	(156)	-
Total finance costs	(16,958)	(7,872)
Total net finance costs	**(15,410)**	**(6,537)**

10. Income tax

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Income tax benefit		
Current tax		
- current tax	-	-
- adjustment for previous years	(9,284)	-
Deferred tax		
- origination and reversal of temporary differences	5,310	(8,391)
- adjustment for previous years	(901)	-
Total income tax benefit	**(4,875)**	**(8,391)**

Reconciliation of income tax benefit to prima facie tax

	$'000	$'000
Profit/(loss) before tax	17,590	(30,910)
Tax expense at 30% (31 December 2012: 30%)	5,277	(9,273)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Entertainment	6	2
- Share-based payments	27	(21)
- Interest	-	853
- Other	-	48
	5,310	(8,391)
Under/(over) provided in prior years	(10,185)	-
Income tax benefit	(4,875)	(8,391)

No amounts have been recognised directly in equity.

11. Cash and cash equivalents

	2013 $'000	2012 $'000
Cash at bank and on hand	15,074	19,018
Short-term deposits	25,542	-
Total cash and cash equivalents	**40,616**	**19,018**

12. Trade and other receivables

	2013 $'000	2012 $'000
Trade receivables[(i)]	5,437	8,972
Other receivables[(ii)]	3,133	2,019
Interest receivable	142	107
Prepayments	408	2,371
Total trade and other receivables	**9,120**	**13,469**

(i) Relate mainly to gold sales and are non-interest bearing and have short contractual payment terms.

(ii) Arise from usual operating activities of the consolidated entity and largely relating to outstanding refunds of input tax credits and diesel fuel rebates from the government. They are non-interest-bearing and are generally on terms of 30 days.

13. Inventories

	2013 $'000	2012 $'000
At cost		
Raw materials and stores	12,044	10,468
Provision for obsolescence	(600)	(741)
Total raw materials and stores	11,444	9,727
Ore stockpiles	17,307	7,696
Gold in circuit	3,356	3,913
Total inventories	**32,107**	**21,336**

Significant item of expense

Write down of inventories to net realisable value recognised as an expense during the six months period ending 31 December 2012 amounted to $11,033,000. The expense is separately disclosed on the face of consolidated statement of comprehensive income.

14. Other assets

	2013 $'000	2012 $'000
Current		
Deferred settlement receivable[(I)]	-	9,798
Total other assets - current	**-**	**9,798**
Non-current		
Security deposits[(ii)]	3,675	20,882
Total other assets – non-current	**3,675**	**20,882**

(i) The remaining funds of $9,798,000 related to the sale of EPC 1033 and were received on 14 March 2013.

(ii) Included in security deposits is $1,991,000 (2012: $20,882,000) that has been collateralised against guarantees provided by the National Australia Bank in favour of the West Australian Department of Industry and Resources for rehabilitation costs. These term deposits are at interest rates between 2.00% and 4.00% per annum (2012: between 4.36% and 4.64%). These deposits are not released until the rehabilitation obligation of the group is satisfied.

15. Tax assets and liabilities

	2013	Restated* 2012
	$'000	$'000
Deferred tax assets arising from:		
Capital costs	-	190
Property, plant and equipment	3,062	2,853
Rehabilitation provision	8,018	7,239
Mining information	58	2,546
Mining properties	-	3,849
Inventories	-	392
Tax losses	36,225	15,550
Trade payables	1,906	480
Other receivables	-	61
Employee benefits	1,945	1,473
	51,214	34,633
Deferred tax liabilities arising from:		
Inventories	(3,613)	-
Mine properties	(15,346)	-
Deferred exploration and evaluation costs	(17,482)	(24,655)
	(36,441)	(24,655)
Net deferred tax assets	**14,773**	**9,978**

2013	**Balance at 1 January 2013**	**Recognised in profit or loss**	**Recognised in equity**	**Balance at 31 December 2013**
	$'000	**$'000**	**$'000**	**$'000**
Capital costs	190	(190)	-	-
Property, plant and equipment	2,853	209	-	3,062
Mine rehabilitation	7,239	779	-	8,018
Mining information	2,546	(2,488)	-	58
Mining properties	3,849	(19,195)	-	(15,346)
Inventories	392	(4,005)	-	(3,613)
Tax losses	15,550	20,675	-	36,225
Trade payables	480	1,426	-	1,906
Other receivables	61	(61)	-	-
Employee benefits	1,473	472	-	1,945
Deferred exploration and evaluation costs	(24,655)	7,173	-	(17,482)
	9,978	4,795	-	14,773

15. Tax assets and liabilities (continued)

	Restated*	Restated*	Restated*	Restated*
	Balance at 1 July 2012	Recognised in profit or loss	Recognised in equity	Balance at 31 December 2012
2012	**$'000**	**$'000**	**$'000**	**$'000**
Capital costs	473	(283)	-	190
Property, plant and equipment	3,284	(431)	-	2,853
Mine rehabilitation	7,189	50	-	7,239
Mining information	2,608	(62)	-	2,546
Mining properties	1,156	2,693	-	3,849
Tax losses	10,510	5,040	-	15,550
Trade payables	673	(193)	-	480
Other receivables	199	(138)	-	61
Employee benefits	1,080	393	-	1,473
Deferred exploration and evaluation costs	(22,747)	(1,908)	-	(24,655)
Inventories	(2,838)	3,230	-	392
	1,587	8,391	-	9,978

*Refer to Note 1(a)

16. Exploration and evaluation assets

	2013 $'000	2012 $'000
Capitalised exploration and evaluation expenditure at 1 January/1 July	74,801	71,210
Exploration and evaluation expenditure capitalised	13,393	10,217
Transferred to capitalised mining costs	(27,953)	(6,626)
Capitalised exploration and evaluation expenditure at 31 December	**60,241**	**74,801**

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective mining areas.

17. Capitalised mining costs

	2013 $'000	Restated* 2012 $'000
Capitalised mining costs - at cost	260,864	167,733
Accumulated amortisation	(168,968)	(130,498)
Total capitalised mining costs	**91,896**	**37,235**

The capitalised mining costs carried forward above have been determined as follows:

	2013 $'000	Restated* 2012 $'000
Carrying amount at 1 January/1 July	37,235	35,010
Costs incurred during the year	53,976	20,399
Acquisition of subsidiaries and operations	11,202	-
Transferred from exploration and evaluation assets	27,953	6,626
Amortisation	(38,470)	(24,800)
Carrying amount at 31 December	91,896	37,235

*Refer to Note 1(a)

18. Property, plant and equipment

	2013 $'000	2012 $'000
Plant and equipment – at cost	115,320	40,281
Accumulated depreciation	(18,196)	(10,928)
	97,124	29,353
Building improvements – at cost	2,422	860
Accumulated depreciation	(789)	(748)
	1,633	112
Total property, plant and equipment	**98,757**	**29,465**

Reconciliation

A reconciliation of the carrying amounts of each class of property, plant and equipment is set out below.

	Plant and equipment $'000	Building improvements $'000	Total $'000
Carrying amount at 1 July 2012	27,990	122	28,112
Additions	2,625	-	2,625
Disposals	(3)	-	(3)
Depreciation	(1,259)	(10)	(1,269)
Carrying amount at 31 December 2012	29,353	112	29,465
Additions	72,577	1,562	74,139
Acquisition of subsidiaries and operations	2,538	-	2,538
Disposals	(76)	-	(76)
Depreciation	(7,268)	(41)	(7,309)
Carrying amount at 31 December 2013	**97,124**	**1,633**	**98,757**

19. Trade and other payables

	2013 $'000	2012 $'000
Trade payables	12,499	9,677
Other payables and accruals	16,600	23,369
Accrued interest	565	546
Total trade and other payables	**29,664**	**33,592**

20. Borrowings

	2013 $'000	2012 $'000
Current		
Gold Mountains loan - unsecured(i)	16,903	-
Finance lease liabilities - unsecured(iv)	114	-
Jinyu loan - unsecured(ii)	-	38,000
Total borrowings - current	**17,017**	**38,000**
Non-current		
ICBC facility - secured(iii)	112,826	11,568
Finance lease liabilities - unsecured(iv)	509	-
Total borrowings - non-current	**113,335**	**11,568**
Total borrowings	**130,352**	**49,568**

(i) Gold Mountains (H.K.) International Mining Co. Ltd. ("Gold Mountains") provided the Company with an unsecured loan facility of US$15,000,000 with maturity of August 2014. Interest on the unsecured loan facility is payable monthly at an interest rate of 3.3995% per annum. The loan has been restated to Australian dollars using the spot exchange rate at the reporting date.

(ii) Jinyu (H.K) International Mining Company Limited ("Jinyu") provided the Company with a Bridging Term Loan Facility upon triggering the 45% change of control provision of the senior secured note with Merrill Lynch. The unsecured loan facility had a 12-month term from initial drawdown and an interest rate of 11% per annum. Upon securing a US$105,000,000 facility, this loan was fully repaid in January 2013.

(iii) The Company secured a US$105,000,000 credit facility through the Perth branch of Industrial and Commercial Bank of China Limited ("ICBC"). The credit facility has a term of 3 years, attracts interest of Libor plus 2.1% and is secured by a letter of guarantee issued by the Company's major shareholder Zijin Mining Group Co.,Ltd. The facility was utilised to fund the Company's capital spending requirements at its Paddington operations and to repay the $38,000,000 Jinyu loan, which was repaid in January 2013. The US$105,000,000 credit facility was fully drawn at 31 December 2013. During the reporting period, US$80,000,000 of the total credit facility were converted into an Australian dollars credit facility.

(iv) Finance lease liabilities of the consolidated entity are payable as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
	2013 $'000	2013 $'000	2013 $'000	2012 $'000	2012 $'000	2012 $'000
Less than one year	149	35	114	-	-	-
Between one and five years	149	28	121	-	-	-
More than five years	402	14	388	-	-	-
	700	77	623	-	-	-

21. Provisions

	2013 $'000	2012 $'000
Current		
Employee benefits	4,505	4,069
Mine rehabilitation	1,043	1,072
Total provisions - current	5,548	5,141
Non-current		
Employee benefits	1,890	841
Mine rehabilitation	25,186	23,056
Total provisions - non-current	27,076	23,897
Total provisions	**32,624**	**29,038**

Movements in provision are set out in the table below.

	Mine rehabilitation **$'000**
At 1 January 2013	24,128
Acquisition of subsidiaries and operations	1,435
Change in provision	789
Unwind of discount on provision	156
Utilisation	(279)
At 31 December 2013	26,229

Mine rehabilitation

A provision has been recognised for the costs to be incurred for the restoration of mining sites used for exploration and mining of gold.

Employee benefits

The employee benefits provision represents the provision for annual leave and long service leave. It includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to a pro-rata payment in certain circumstances.

22. Other financial liability

	2013 $'000	2012 $'000
Forward foreign exchange contract[(i)]	175	-
Total other financial liability	**175**	**-**

(i) This represents the foreign exchange contract with the Industrial and Commercial Bank of China Limited ("ICBC") Sydney branch of US$15,000,000 in relation to the unsecured loan facility entered into with Gold Mountains (refer to Note 20).

23. Other liability

	2013 $'000	2012 $'000
Cash-settled share-based payment liability - current[(i)]	236	-
Cash-settled share-based payment liability – non-current[(i)]	148	-
Total other liability	**384**	**-**

(i) This relates to the Company's 2013 long-term incentive plan which is settled in cash (refer to Note 38(b)).

24. Contributed equity

	2013 $'000	2012 $'000
931,850,662 fully paid ordinary shares (2012: 861,580,265)	186,892	176,703
Less: share issue costs	(51)	(51)
Total contributed equity	**186,841**	**176,652**

(a) Movements in fully paid ordinary shares

	2013 Shares	2012 Shares	2013 $'000	2012 $'000
Balance at 1 January/1 July	861,580,265	849,580,265	176,652	174,252
Issue during the year				
Ordinary shares issued by means of the exercise of 12,000,000 options at $0.20 per option	-	12,000,000	-	2,400
Ordinary shares issued as a result of takeover of KMC[i]	70,270,397	-	10,189	-
Balance at 31 December	**931,850,662**	**861,580,265**	**186,841**	**176,652**

(i) These ordinary shares were issued pursuant to the terms of Norton's takeover offer for Kalgoorlie Mining Company Limited ("KMC"). The purchase consideration of net assets of KMC comprised of 70,270,397 Norton ordinary shares and 72,591,793 Norton unlisted options.

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll each share is entitled to one vote. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised share capital and issued shares do not have a par value.

(c) Options

Information relating to share-based payments, including details of options issued, exercised and lapsed during the year and options outstanding at the end of the year, is set out in Note 38.

(d) Capital management

The consolidated entity's objectives when managing capital are to maintain a strong capital base capable of withstanding cash flow variability, whilst providing the flexibility to pursue its goals. The consolidated entity aims to maintain an optimal capital structure to minimise cost of capital and maximise shareholder returns. The consolidated entity's capital program is reviewed, updated and approved by the board at least annually. There are no externally imposed capital requirements.

The capital structure of the consolidated entity consists of debt in the form of borrowings as disclosed in Note 20, cash and cash equivalents and equity. The consolidated entity balances its overall capital structure through the following mechanisms: issuance of new shares, share buy-backs, capital returns as well as issuance of new debt or redemption of existing debt and cash flow management.

24. Contributed equity (continued)

(d) Capital management (continued)

The consolidated entity's gearing ratio is monitored and maintained at a level that is appropriate for its growth plans. The consolidated entity calculates gearing ratio as net debt divided by total capital. Net debt is calculated as borrowings (refer Note 20) less cash and cash equivalents. Total capital is calculated as total equity plus net debt. In the event that cash and cash equivalents are greater than total debt, net debt is taken to be nil. The consolidated entity's gearing ratios at 31 December 2013 and 2012 were as follows:

	Notes	2013 $'000	2012 $'000
Total debt	20	130,352	49,568
Less: cash and cash equivalents	11	(40,616)	(19,018)
Net debt		89,736	30,550
Total equity		157,986	123,784
Total capital		247,722	154,334
Gearing ratio		**36.22%**	**19.80%**

The increase in gearing ratio is a result of the consolidated entity entered into additional external borrowings during the reporting year.

Norton has complied with the financial covenants of its borrowing facilities during the 31 December 2013 and 2012 reporting periods.

25. Reserves

	2013 $'000	2012 $'000
(a) Reserves		
Share-based payment reserve	10,578	10,493
Option reserve	1,463	-
Total reserves	12,041	10,493

(b) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of share-based payments provided to employees as part of their remuneration.

Option reserve

The option reserve is used to recognise the fair value of unlisted options consideration as a result of takeover of KMC.

26. Key management personnel disclosures

	12 months to 31 December 2013 $	6 months to 31 December 2012 $
i. Key management personnel compensation		
Short-term employee benefits	2,681,170	1,224,482
Post-employment benefits	117,313	74,770
Long-term benefits	16,561	(7,758)
Termination benefits	-	635,979
Equity compensation benefits	68,274	(85,506)
Total key management personnel compensation	2,883,318	1,842,267

ii. Equity instrument disclosures relating to key management personnel

Option holdings

The movement of number of options over the ordinary shares in the Company held by key management personnel of the consolidated entity, including their personally related entities during the reporting year is as follows.

2013	Held at 1 January 2013 Number	Granted as compensation Number	Forfeited Number	Other changes Number	Held at 31 December 2013 Number	Vested and exercisable at 31 December 2013 Number
Directors						
Dianmin Chen	-	8,000,000	-	-	8,000,000	2,666,667
Total	**-**	**8,000,000**	**-**	**-**	**8,000,000**	**2,666,667**

2012	Held at 1 July 2012 Number	Granted as compensation Number	Forfeited Number	Other changes Number	Held at 31 December 2012 Number	Vested and exercisable at 31 December 2012 Number
Directors						
W. Andrè Labuschagne[(i)]	8,000,000	-	-	(8,000,000)	-	-
Other key management personnel						
Robert Brainsbury[(i)]	4,000,000	-	-	(4,000,000)	-	-
Ian Sheppard[(ii)]	4,000,000	-	(4,000,000)	-	-	-
Total	**16,000,000**	**-**	**(4,000,000)**	**(12,000,000)**	**-**	**-**

26. Key management personnel disclosures (continued)

ii. Equity instrument disclosures relating to key management personnel (continued)

Option holdings (continued)

(i) Andrè Labuschagne and Robert Brainsbury's options vested and exercised under a take-over clause in the option agreement.
(ii) Ian Sheppard's options were forfeited upon resignation.

Share holdings

The movement of the number of ordinary shares of the Company held by key management personnel of the consolidated entity, including their personally related entities during the reporting year is as follows.

2013	Held at 1 January 2013 Number	Net changes – purchases (sales) on market Number	Received via exercise of options Number	Other changes* Number	Remunerated Number	Held at 31 December 2013 Number	Balance held nominally Number
Directors							
Jinghe Chen	-	726,043	-	(726,043)	-	-	-
Dianmin Chen	-	1,726,043	-	-	-	1,726,043	-
A. Timothy Prowse[(i)]	1	-	-	(1)	-	-	-
Other key management personnel							
Terrance Moylan	480,000	-	-	-	-	480,000	-
Steven Phan	-	100,000	-	-	-	100,000	-
Total	480,001	2,552,086	-	(726,044)	-	2,306,043	-

*Represent movements for executives who are no longer employees of the Company at the end of the reporting period.

(i) A. Timothy Prowse resigned effective 1 February 2013 and his shareholding is no longer disclosed.

26. Key management personnel disclosures (continued)

Share holdings (continued)

2012	Held at 1 July 2012 Number	Net changes –purchases (sales) on market Number	Received via exercise of options Number	Other changes* Number	Remunerated Number	Held at 31 December 2012 Number	Balance held nominally Number
Directors							
A. Timothy Prowse	19,865,792	(19,865,791)	-	-	-	1	-
W. Andrè Labuschagne	181,000	(8,181,000)	8,000,000	-	-	-	-
Other key management personnel							
Robert Brainsbury	-	(4,000,000)	4,000,000	-	-	-	-
Terrance Moylan	700,000	(220,000)	-	-	-	480,000	-
Peter Ruzicka	490,000	(490,000)	-	-	-	-	-
Total	21,236,792	(32,756,791)	12,000,000	-	-	480,001	-

*Represent movements for executives who are no longer employees of the Company at the end of the reporting period.

iii. Loans with key management personnel

There are no loans with key management personnel.

27. Auditors' remuneration

	12 months to 31 December 2013 $	6 months to 31 December 2012 $
(a) Audit services		
Auditors of the Company – Ernst & Young		
Audit and review of financial reports	200,000	-
Auditors of the Company - BDO Audit Pty Ltd		
Audit and review of financial reports	-	125,000
Total remuneration for audit services	200,000	125,000
(b) Other services		
Auditors of the Company – Ernst & Young		
Taxation services	40,000	-
Other non-audit services	30,000	-
Total remuneration for other services	70,000	-
Total auditors' remuneration	**270,000**	**125,000**

28. Financial instruments

(a) Financial risk management objectives, policies and processes

Risk management is centrally managed by group treasury which operates under a policy framework that involves overview by senior management and the board of directors. Group treasury identify, qualify, evaluate and where considered prudent, manage financial risks in accordance with established written policies covering specific areas. These risks include market risk (including gold price risk, interest rate and currency risk), credit risk and liquidity risk. The group's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(b) Financial instruments

	2013 $'000	2012 $'000
Financial assets		
Cash and cash equivalents	40,616	19,018
Loans and receivables		
Trade and other receivables	8,712	11,098
Deferred settlement receivable	-	9,798
Security deposits	3,675	20,882
	53,003	60,796
Financial liabilities		
At amortised cost		
Trade and other payables	29,664	33,592
Financial liabilities - borrowings	130,352	49,568
Forward foreign exchange contract	175	-
	160,191	83,160

28. Financial instruments (continued)

(c) Price Risk

The consolidated entity is predominantly exposed to gold price risk from its normal trading activities. The exposure is closely monitored and where it is considered prudent may be managed with financial derivatives in accordance with the approved policy framework. The use of financial derivatives is governed by the consolidated entity's policies approved by the board of directors, which provides written principles on this risk. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. There were no derivative financial instruments in use in the current and prior reporting periods.

(d) Credit Risk

The maximum exposure to credit risk is represented by the carrying amount of the consolidated entity's financial assets in the consolidated statement of financial position.

The group treasury policy for deposit transactions requires deposits with financial institutions holding a benchmark credit rating. At reporting date, cash and short-term deposits were held with National Australia Bank and Suncorp. Cash has been spread over these financial institutions to reduce credit risk. The consolidated entity's trade receivables relate mainly to gold sales. The consolidated entity has determined that the risk is low, as the gold is only sold to one party, the Perth Mint, which is perceived as reliable and has short contractual payment terms.

(e) Liquidity Risk

The liquidity position of the consolidated entity is managed to ensure sufficient liquid funds are available to meet the consolidated entity's financial commitments in a timely and cost-effective way. The consolidated entity evaluates operating cash flows regularly and assesses performance against capital commitments to ensure liquidity. The contractual maturities of the consolidated entity's financial liabilities are as follows:

	Carrying amount $'000	Contractual cash flows $'000	< 1 year $'000	1 – 2 years $'000	2-5 years $'000	>5 years $'000
2013						
Trade and other payables	29,664	29,664	29,664	-	-	-
Borrowings	130,352	142,133	23,259	118,466	408	-
Forward exchange contract	175	175	175	-	-	-
Total	160,191	171,972	53,098	118,466	408	-
2012						
Trade and other payables	33,592	33,592	33,592	-	-	-
Borrowings	49,568	50,518	38,393	557	11,568	-
Total	83,160	84,110	71,985	557	11,568	-

In addition, the consolidated entity holds sufficient financial assets that are either cash or cash equivalents as operating capital. The consolidated entity also holds assets that will be converted to cash in the ordinary course of operations to meet liabilities in the short term, such as receivables and inventories.

28. Financial instruments (continued)

(f) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature. The consolidated entity's ICBC facility (refer to Note 20) is exposed to interest rate risk as it is subject to a floating interest rate. As at 31 December 2013 the average interest rate in Norton's bank loan was 3.06% per annum (2012: 2.41% per annum). A 100 basis point increase or decrease in the interest rate on bank loan held at 31 December 2013 would result in $965,000 increase or decrease in the consolidated entity's profit before tax. Management continually monitors the fluctuation of the floating interest rate. The consolidated entity's cash and cash equivalents, Gold Mountains loan and finance lease liabilities at 31 December 2013 are fixed interest rate financial instruments. Therefore, they are not subject to interest rate risk.

(g) Foreign Currency Risk

The consolidated entity operates principally in Australia. Foreign currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Australian dollars. The consolidated entity's ICBC bank loan denominated in US dollars of USD25,000,000 is subject to fluctuation against the US dollars. Foreign currency exposure of Gold Mountain loan, which is denominated in US dollars, is mitigated by entering a forward foreign exchange contract (refer to Note 22).

A 10% movement in the Australian dollar against the US dollar on reporting date (with all other variables held constant) would have resulted in $9,401,000 (2012: $1,157,000) increase or decrease in profit before tax.

(h) Fair value measurements

The consolidated entity uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:
(a) quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1);
(b) other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2); and
(c) techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data (Level 3).

The following table presents the consolidated entity's financial instruments measured and recognised at fair value:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2013				
Forward foreign exchange contract	-	175	-	175
2012				
Deferred settlement receivable	-	-	9,798	9,798

The fair value of the deferred settlement receivable is calculated as the present value of the expected cash flows using a discount rate that reflects the credit risk specific to the counterparty (10%). The deferred settlement receivable related to the sale of EPC 1033 and were received on 14 March 2013.

The fair values of all other financial assets and financial liabilities approximate their carrying values at reporting date.

29. Contingencies

The consolidated entity had no contingent liabilities at 31 December 2013 (2012: Nil).

30. Commitments

(a) Operating lease commitments

The consolidated entity has entered into operating leases in respect of its various office premises and vehicles used in operations. The property lease is a non-cancellable lease with a four-year term and rent payable monthly in advance. Provisions within the lease agreement require the minimum lease payments to be increased by 4% per annum. An option exists to renew the lease at the end of the four-year term for an additional term of four years. The lease allows for subletting of all lease areas.

	2013 $'000	2012 $'000
These commitments are not provided for in the consolidated financial statements and are payable		
Within one year	1,266	493
Later than one year but not later than five years	2,974	2,513
More than five years	-	101
	4,240	3,107

(b) Exploration commitments

The consolidated entity has certain statutory requirements to undertake a minimum level of exploration activity in order to maintain rights of tenure to its various exploration tenements. These requirements may vary from time to time, subject to approval of the relevant government departments and are expected to be fulfilled in the normal course of operations of the consolidated entity to avoid forfeiture of any tenement.

	2013 $'000	2012 $'000
These exploration commitments are not provided for in the consolidated financial statements and are payable		
Within one year	7,549	7,267
Later than one year but not later than five years	31,880	30,431
More than five years	54,976	52,637
	94,405	90,335

31. Capital commitments

The consolidated entity had no capital expenditure contracted at the reporting date (2012: Nil).

32. Related party transactions

(a) Parent entity

The parent entity within the consolidated entity and the ultimate Australian parent entity is Norton Gold Fields Limited. The ultimate parent entity and ultimate controlling party is Zijin Mining Group Co., Ltd (incorporated in China) which at 31 December 2013 owns 89.15% of the issued ordinary shares of Norton Gold Fields Limited through its wholly owned subsidiary Jinyu (H.K) International Mining Company Limited. Jinyu (H.K.) International Mining Company Limited acquired directly and through its subsidiary companies the 89.15% interest in Norton on 2 August 2012.

32. Related party transactions (continued)

(a) Parent entity (continued)

During the reporting period 31 December 2012, Norton secured a US$105,000,000 credit facility through the Perth branch of Industrial and Commercial Bank of China Limited. The credit facility has a term of three years and is secured by a letter of guarantee issued by the Zijin Mining Group Co., Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 34.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Notes 26 and 38.

(d) Transactions with related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The Company incurred a guarantee fee of $1,668,168 in relation to the Industrial and Commercial Bank of China Limited's loan paid to Zijin Mining Group Co., Ltd.

33. Parent entity information

The consolidated financial statements incorporate the assets, liabilities and results of Norton Gold Fields Limited in accordance with the accounting policy described in Note 1(b).

	2013 **$'000**	**2012** **$'000**
Current assets	40,171	18,437
Non-current assets	150,013	101,720
Total assets	190,184	120,157
Current liabilities	1,920	39,608
Non-current liabilities	130,332	11,572
Total liabilities	132,252	51,180
Net assets	**57,932**	**68,977**
Contributed equity	186,841	176,652
Reserves	12,041	10,492
Accumulated losses	(140,950)	(118,167)
Total equity	**57,932**	**68,977**

	12 months to 31 December 2013 **$'000**	**6 months to 31 December 2012** **$'000**
Loss for the year/period	(22,783)	(8,857)
Total comprehensive loss	**(22,783)**	**(8,857)**

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries, except for the deed of cross guarantee as disclosed in Note 34 (2012: Nil).

33. Parent entity information (continued)

Contractual commitments

The parent entity had no contractual commitments to acquire property, plant and equipment as at 31 December 2013 (2012: Nil).

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2013 (2012: Nil).

34. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b).

Name of entity	Country of incorporation	Class of Shares	Equity holding	
			2013	2012
			%	%
Paddington Gold Pty Ltd	Australia	Ordinary	100	100
Norton Gold Mines Pty Ltd	Australia	Ordinary	100	100
Australian Geoscientists No 2 Pty Ltd	Australia	Ordinary	70	70
Norton Gold Holdings Pty Ltd	Australia	Ordinary	100	100
Norton Coal Pty Ltd	Australia	Ordinary	100	100
Bellamel Mining Pty Ltd	Australia	Ordinary	100	100
Mount Morgan Mine Pty Ltd	Australia	Ordinary	100	100
Norton Operations Pty Ltd	Australia	Ordinary	100	100
Karlgoorlie Mining Company Ltd	Australia	Ordinary	100	-
Karlgoorlie Mining Company (Bullant) Ltd	Australia	Ordinary	100	-

Relief from preparation of financial reports for wholly owned Australian subsidiaries

A Deed of Cross Guarantee (“the Deed”) between the Company, Paddington Gold Pty Ltd, Norton Gold Mines Pty Ltd and Norton Gold Holdings Pty Ltd was enacted during the 2009 financial year and relief was obtained from preparing a financial report for the wholly owned subsidiaries under ASIC Class Order 98/1418. Under the Deed, each entity guarantees to support the liabilities of each other entity. The above companies represent the Closed Group under the class order and as there are no other parties to the Deed that are consolidated by Norton Gold Fields Limited, they also comprise the extended closed group.

A consolidated statement of comprehensive income and consolidated statement of financial position comprising the Closed Group, after eliminating all transactions between parties to the Deed for the year ended 31 December 2013 is set out below.

34. Subsidiaries (continued)

Closed Group consolidated statement of comprehensive income

	12 months to 31 December 2013 $'000	**6 months to 31 December 2012 $'000**
Revenue	259,677	114,079
Cost of sales	(217,143)	(122,609)
Gross profit/(loss)	**42,534**	**(8,530)**
Administrative expenses	(10,434)	(4,487)
Impairment of inventory	-	(11,032)
Other income	678	355
Profit/(loss) before net finance costs	**32,778**	**(23,694)**
Finance income	1,548	1,335
Finance costs	(16,944)	(7,872)
Profit/(loss) before tax	**17,382**	**(30,231)**
Income tax expense	4,875	8,188
Profit/(loss) for the year/period	**22,257**	**(22,043)**
Other comprehensive income for the year/period, net of tax	**-**	**-**
Total comprehensive income/(loss) for the year/period	**22,257**	**(22,043)**

34. Subsidiaries (continued)

Closed Group consolidated statement of financial position

	2013 $'000	2012 $'000
Current Assets		
Cash and cash equivalents	40,564	19,009
Trade and other receivables	8,297	23,260
Inventories	32,106	21,335
Total current assets	80,967	63,604
Non-current Assets		
Trade and other receivables	101,989	105,955
Deferred tax assets	16,270	11,475
Other financial assets	23,425	11,773
Exploration and evaluation assets	51,885	64,462
Capitalised mining costs	65,596	22,565
Property, plant and equipment	96,387	29,453
Other assets	3,710	17,810
Total non-current assets	359,262	263,493
Total Assets	440,229	327,097
Current Liabilities		
Trade and other payables	29,231	33,586
Borrowings	17,017	38,000
Provisions	5,548	5,141
Other financial liability	175	-
Other liability	236	-
Total current liabilities	52,207	76,727
Non-current Liabilities		
Borrowings	113,335	11,568
Provisions	23,629	21,885
Other liability	148	-
Total non-current liabilities	137,112	33,453
Total Liabilities	189,319	110,180
Net Assets	**250,910**	**216,917**
Equity		
Contributed equity	186,841	176,652
Reserves	12,515	10,968
Retained profit	51,554	29,297
Total Equity	**250,910**	**216,917**

35. Events occurring after the balance sheet date

As at the date of this report, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated entity, the result of those operations, or the state of affairs of the consolidated entity in future financial years.

36. Reconciliation of profit after income tax to net cash from operating activities

For the purpose of the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and short term deposits. Full details of cash and cash equivalents are disclosed in Note 11.

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Reconciliation from the net profit/(loss) after tax to the net cash from operating activities		
Net profit/(loss) for the year/period	22,465	(22,519)
Adjustments for:		
Depreciation and amortisation	45,779	26,076
Unwinding of subscription fee on Merrill Lynch facility	-	2,842
Unwinding of deferred settlement receivable	-	(461)
Unwinding of discount on provisions	156	-
Share-based payments expense	85	(71)
Net foreign exchange loss	12,126	-
Impairment of inventories	-	11,033
Changes in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	6,095	(7,016)
(Increase)/decrease in inventories	(10,760)	3,532
Increase in deferred tax	(5,857)	(8,392)
(Decrease)/increase in current payables	(4,763)	4,955
Decrease in current provisions	(29)	(1,353)
(Decrease)/increase in non-current provisions	835	1,666
Net cash provided by operating activities	66,132	10,292

Non-cash investing activities

During the current year, Norton acquired 100% of the ordinary shares in Kalgoorlie Mining Company Limited and Kalgoorlie Mining Company (Bullant) Ltd, a wholly owned subsidiary of Kalgoorlie Mining Company Limited by means of issuance of Norton's shares and unlisted options.

Leased assets of $623,000 arising from finance lease arrangements during the current year have been recognised in the consolidated statement of financial position.

37. Earnings per share

	12 months to 31 December 2013 Cents	Restated* 6 months to 31December 2012 Cents
Basic earnings/(loss) per share	2.52	(2.62)
Diluted earnings/(loss) per share	2.52	(2.62)

*Refer to Note 1(a)

Information concerning earnings per share:

(a) Earnings used for basic and diluted earnings per share are profit after tax of $22,465,000 (31 December 2012: loss after tax of $22,519,000).

(b) The reconciliation of weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share is as follows:

	2013 Number	2012 Number
Number used in calculating basic earnings per share	890,254,437	859,048,758
Effect of share options on issue	-	-
Number used in calculating diluted earnings per share	890,254,437	859,048,758

At 31 December 2013, total equity instruments of 80,591,793 (2012: 12,000,000) were excluded from the diluted weighted average number of ordinary shares calculation due to their antidilutive nature in the current reporting year.

38. Share-based payments

(a) Share options (equity-settled)

The table below sets out the information on share options granted as remuneration to key management personnel in the current reporting period and the performance conditions required for vesting. The board in its discretion determines the conditions of the shares including number, expiry and vesting conditions.

	Grant date	Number of options	Vesting conditions	% vested at 31 December 2013
2013				
Dianmin Chen	22 May 2013	8,000,000	Series One Options (2,666,667) vest after 12 months of continuous service from 21 August 2012; Series Two Options (2,666,667) vest after 24 months of continuous service from 21 August 2012; and Series Three Options (2,666,666) vest after 36 months of continuous service from 21 August 2012; plus The options will only vest if the VWAP of shares equals or exceeds 30 cents for five consecutive trading days at any time after the options are issued.	2,666,667

38. Share-based payments (continued)

(a) Share options (equity-settled) (continued)

VWAP means the volume weighted average trading price of shares on the ASX over a period of time.

The assessed fair value of the share options at grant date is determined using the Monte Carlo option pricing model which incorporates the following inputs:

Term	4.24 years
Exercise price	$0.241
Underlying share price at grant date	$0.225
Expected share price volatility over the term of the options	51.38%
Expected dividend yield	-
Risk-free rate for the term of the options	2.97%

The assessed fair value of the share options granted was $0.029 each.

No options were vested and issued to key management personnel in the prior reporting period.

(b) Cash-settled share-based payment

As at 31 December 2013, the consolidated entity awarded 4,224,006 performance units under its long-term incentive plan to selected management level employees. These performance units are accounted for as cash-settled share-based payment transactions. They are settled in cash at three separate redeemable dates – February 2014, February 2015 and February 2016, subject to the employees remaining in employment with the consolidated entity.

(c) Expenses recognised in the profit or loss

Total expenses arising from equity-settled and cash share-based payment transactions recognised during the year were as follows:

	12 months to 31 December 2013 $'000	6 months to 31 December 2012 $'000
Performance shares	38	36
Performance options	47	(107)
Cash-settled share-based payment	384	-
	469	(71)

39. Business combination

On 17 April 2013, Norton Gold Fields Limited announced that the Company had made an off-market takeover offer for all of the outstanding shares of Kalgoorlie Mining Company Limited ("KMC"). Subsequently, on 26 July 2013 the Company announced that the offer had become unconditional with Norton receiving acceptances representing 84.85% of KMC's shares and 55.50% of KMC's listed options. On 16 August 2013, Norton undertook compulsory acquisition of the remaining 15.15% of KMC's shares.

39. Business combination

Details of the purchase consideration and the net assets acquired are as follows:

	Number	$'000
Purchase consideration		
Fair value of share consideration	70,270,862	10,189
Fair value of option consideration	72,591,793	1,463
Total fair value of consideration		11,652
Direct costs relating to acquisition		472

The net assets recognised as a result of the acquisition are as follows:

	Fair value $'000
Assets	
Current assets	
Cash and cash equivalents	24
Inventories	10
Other assets	99
Total current assets	133
Non-current assets	
Capitalised mining costs	11,202
Property, plant and equipment	2,538
Other assets	1,031
Total non-current assets	14,771
Total assets	14,904
Liabilities	
Current liabilities	
Trade and other payables	(815)
Provisions	(63)
Financial liabilities	(939)
Total current liabilities	(1,817)
Non-current liabilities	
Provisions	(1,435)
Total non-current liabilities	(1,435)
Total liabilities	(3,252)
Net assets acquired	11,652

KMC contributed revenue of $Nil and a net loss of $471,000 to the consolidated entity for the period 26 July 2013 to 31 December 2013. If the acquisition of KMC had occurred at the beginning of the year, the consolidated revenue and consolidated profit for the 2013 year would have been $259,677,000 and $18,323,000, respectively.