ASX/MEDIA ANNOUNCEMENT

27 February 2015

December 2014 Appendix 4E

Unaudited Results for announcement to the market

Key Points for the Year ended 31 December 2014

- **Gross profit of $42.691 million**
- **Net income after tax of $13.196 million**
- **Net cash from operating activities of $72.945 million**
- **December cash and cash equivalents balance of $19.242 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.

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Company Secretary
Norton Gold Fields Limited

Appendix 4E (Rule 4.3A)

Preliminary Final Report

For the year ended 31 December 2014

Results for announcement to the market

	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000	Increase/ Decrease	% movement
Total Revenues	243,443	259,677	Decrease	6.3
Income (loss) for the year attributable to the owners of the parent entity	13,196	22,465	Decrease	41.3

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 2014, Norton announced a off-market takeover offer to acquire Bullabulling Gold Limited ("BAB"). The takeover was completed, with BAB subsequently delisted from the ASX in September 2014.

Commentary on results for the year

Operating results

The consolidated net income after tax of the group for the year months ended 31 December 2014 is $13.196 million (year ended 31 December 2013: consolidated net income after tax of $22.465 million).

The consolidated net income for the period reflects:

- total revenues of $243.443 million
- gross profit of $42.691 million
- write-off of non-current assets of $5.725 million
- profit before tax of $14.798 million

Financial Position

Net assets of the group have increased from $157.986 million at 31 December 2013 to $171.240 million at 31 December 2014, reflecting net profit for the year and other comprehensive income.

As at 31 December 2014, the company has $19.242 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 18.38 cents for as at 31 December 2014 and 16.95 cents as at 31 December 2013.

Additional 4E disclosures

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

Financial Report

(Unaudited)
For The Year Ended
31 December 2014

ACN 112 287 797

Financial report
31 December 2014

General information

These financial statements are the consolidated financial statements of the group 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 2014

	Notes	31 December 2014 $'000	31 December 2013 $'000
Revenue	4	243,443	259,677
Cost of sales	5	(200,752)	(217,659)
Gross profit		**42,691**	**42,018**
Administrative expenses	6	(12,006)	(9,696)
Write-off of non-current assets	7	(5,725)	-
Other income	8	133	678
Profit before net finance costs		**25,093**	**33,000**
Finance income	10	759	1,548
Finance costs	10	(11,054)	(16,958)
Profit before tax		**14,798**	**17,590**
Income tax (expense)/benefit	11	(1,602)	4,875
Profit for the year attributable to the owners of the Company		**13,196**	**22,465**
Other comprehensive income for the year			
Other comprehensive income to be classified to profit or loss in subsequent periods (net of tax):			
Gain on available-for-sale financial assets		475	**-**
Cash flow hedges deferred in equity		(487)	**-**
Other comprehensive income for the year, net of tax		(12)	**-**
Total comprehensive income for the year attributable to owners of the Company		**13,184**	**22,465**
Earnings per share		**Cents**	**Cents**
Basic earnings/(loss) per share	39	1.42	2.52
Diluted earnings/(loss) per share	39	1.42	2.52

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

Consolidated statement of financial position

As at 31 December 2014

	Notes	31 December 2014 $'000	31 December 2013 $'000
Assets			
Current assets			
Cash and cash equivalent	12	19,242	38,269
Trade and other receivables	13	7,123	10,359
Inventories	14	30,621	32,107
Prepayments		1,685	408
Total current assets		58,671	81,143
Non-current assets			
Deferred tax assets	16	13,256	14,853
Exploration and evaluation assets	17	98,282	60,241
Capitalised mining costs	18	119,145	92,596
Property, plant and equipment	19	95,135	98,757
Available-for-sale financial asset	20	3,987	-
Other assets	15	116	3,675
Total non-current assets		329,921	270,122
Total assets		388,592	351,265
Liabilities			
Current liabilities			
Trade and other payables	21	32,379	29,664
Borrowings	22	1,483	17,017
Provisions	23	7,424	6,425
Other financial liabilities	24	-	175
Other liability	25	433	236
Total current liabilities		41,719	53,517
Non-current liabilities			
Borrowings	22	145,100	113,335
Provisions	23	29,565	26,279
Other financial liabilities	24	695	-
Other liability	25	273	148
Total non-current liabilities		175,633	139,762
Total liabilities		217,352	193,279
Net assets		**171,240**	**157,986**
Equity			
Contributed equity	26	186,841	186,841
Reserves	27	12,099	12,041
Accumulated losses		(27,700)	(40,896)
Total equity		**171,240**	**157,986**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 December 2014

	Contributed equity $'000	Option reserve $'000	Share-based payments reserve $'000	Available-for-sale reserve $'000	Cash flow hedge reserve	Accumulated losses $'000	Total equity $'000
At 1 January 2014	**186,841**	**1,463**	**10,578**	**-**	**-**	**(40,896)**	**157,986**
Comprehensive income							
- Profit for the year	-	-	-	-	-	13,196	**13,196**
- Other comprehensive income	-	-	-	475	(487)	-	**(12)**
Total comprehensive income for the year	-	-	-	475	(487)	13,196	**13,184**
Transactions with owners in their capacity as owners							
Share-based payments	-	-	70	-	-	-	**70**
At 31 December 2014	**186,841**	**1,463**	**10,648**	**475**	**(487)**	**(27,700)**	**171,240**
At 1 January 2013	**176,252**	**-**	**10,493**	**-**	**-**	**(63,361)**	**123,784**
Comprehensive income							
- Profit for the year	-	-	-	-	-	22,465	22,465
Total comprehensive income for the period	-	-	-	-	-	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**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 31 December 2014

	Notes	31 December 2014 $'000	31 December 2013 $'000
Cash flows from operating activities			
Receipts in the course of operations		245,121	263,212
Payments in the course of operations		(167,065)	(194,478)
Interest received		883	1,513
Interest paid		(7,172)	(4,805)
Other receipts		1,178	1,736
Net cash provided by operating activities	38	72,945	67,178
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	41	(25,033)	24
Payments for plant and equipment		(3,923)	(74,105)
Proceeds on disposal of exploration assets		-	10,030
Payments for exploration and mine development costs		(77,010)	(67,912)
Refund of/(payments for) investment in term deposits		1,816	(2,347)
Payments for investment in available-for-sale financial assets		(3,309)	-
Refund of/(payment for) security deposits		3,618	18,238
Net cash used in investing activities		(103,841)	(116,072)
Cash flows from financing activities			
Proceeds from borrowings		144,680	105,888
Repayment of borrowings		(132,547)	(38,000)
Payments for finance lease liabilities		(97)	(37)
Net cash generated from financing activities		12,036	67,851
Net increase/(decrease) in cash and cash equivalents		(18,860)	18,957
Cash and cash equivalents at the beginning of the year		38,269	19,018
Effect of foreign exchange rate fluctuations on cash held		(167)	294
Cash and cash equivalents at the end of the year	12	**19,242**	**38,269**

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 group 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 group 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 derivative financial instruments which have been measured at fair value.

(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 group'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

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

(v) New and amended standards and interpretations

The group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2014. The nature and impact of each new standard and/or amendment is described below:

Investment Entities – Amendments to AASB 10, AASB 12 and AASB 127

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through proft or loss. These amendments have no impact on the group, since none of the entities in the group qualifies to be an investment entity under AASB 10.

Remove Individual Key Management Personnel Disclosure Requirements – Amendments to AASB 124

This amendment deletes from AASB 124 individual key management personnel ('KMP') 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. This amendment has resulted in reduced disclosures in the group's financial statements.

1. Summary of significant accounting policies (continued)

(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 group 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 group controls an investee if, and only if, the group 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 group 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 group obtains control over the subsidiary and ceases when the group 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 group gains control until the date the group 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 group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

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

(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 group 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 group's presentation currency. The group 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.

1. Summary of significant accounting policies (continued)

(f) Finance costs

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.

(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.

1. Summary of significant accounting policies (continued)

(h) Leases

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group, 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 group 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.

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 group 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 group 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 group 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 group 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.

1. Summary of significant accounting policies (continued)

(j) Impairment of non-financial assets (continued)

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 are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

(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 group and therefore is not considered highly liquid.

(l) Inventories

Gold in circuit and ore stock piles are determined by physical measurement or estimated and cost comprises direct costs and an appropriate proportion of fixed and variable production overheads. Costs are assigned to gold in circuit and ore stock piles items of inventory on the basis of weighted average costs. The cost of raw materials and stores is determined on the weighted average cost basis. Any allowance for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any allowance 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

(i) 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 group. 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.

(ii) Available-for-sale ('AFS') financial assets

Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited on the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income in the statement of profit or loss, or the investment is determined to be impaired when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs.

1. Summary of significant accounting policies (continued)

(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 group 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% - 33.33%
- Buildings improvements 2.50% - 10%

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).

1. Summary of significant accounting policies (continued)

(o) Exploration and evaluation costs (continued)

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. The units of production method results in an amortisation charge proportional to the deletion of the economically recoverable mineral resource (comprising proven and probable reserve). 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.

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 allocated to the cost of ore inventory produced.

Once the group has identified its production stripping for each open pit mine, the group identifies the separate components for the ore bodies in each open pit operation based on information available in the mine plan. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is involved to identify these components.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

1. Summary of significant accounting policies (continued)

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

Open pit mines (continued)

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset and is presented as part of 'Capitalised mining costs' in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating units, which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently amortised using the units of production method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. The stripping activity asset is then carried at cost less amortisation and any impairment losses.

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). These capitalised costs are amortised over the estimated economic life of the mine on a units of production basis.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the group 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 group are recognised at the time the proceeds are received, net of direct issue costs.

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

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

1. Summary of significant accounting policies (continued)

(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 group designates certain derivatives as hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The group 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 group 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.

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.

1. Summary of significant accounting policies (continued)

(t) Derivatives and hedging activities (continued)

Other contracts that do not qualify for hedge accounting

Certain contracts to sell and deliver gold do not qualify for hedge accounting. Commodity-based (normal purchase or normal sale) derivative contracts that meet the requirements of AASB 139 *Financial Instruments: Recognition and Measurement* are carried at cost and recognised in earnings when they are settled by physical delivery.

(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 group 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.

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 40. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

1. Summary of significant accounting policies (continued)

(u) Employee benefits (continued)

(iv) Share-based payments (continued)

Cash-settled transactions

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 group 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 group 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 group 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.

(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) 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)

(y) Accounting standards issued but not yet effective

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions) (AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simpler 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	1 January 2018	1 January 2018

1. Summary of significant accounting policies (continued)

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

Reference	Title	Summary	Application date of standard	Application date for group*
		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. 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 AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised 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, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		

1. Summary of significant accounting policies (continued)

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

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 January 2015

1. Summary of significant accounting policies (continued)

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

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: • AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. • AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	1 January 2015
AASB 14	Regulatory deferral accounts	AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. However, to enhance comparability with entities that already apply Australian Accounting Standards and do not recognise such amounts, AASB 14 requires that the effect of rate regulation must be presented separately from other items. An entity that is not a first-time adopter of Australian Accounting Standards will not be able to apply AASB 14. AASB 2014-1 Part D makes amendments to AASB 1 First-time Adoption of Australian Accounting Standards, which arise from the issuance of AASB 14 Regulatory Deferral Accounts in June 2014.	1 January 2016	1 January 2016
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of	1 January 2016	1 January 2016

1. Summary of significant accounting policies (continued)

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

Reference	Title	Summary	Application date of standard	Application date for group*
		the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11		
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 January 2016
AASB 2014-6	Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]	The amendments require that bearer plants such as grape vines, rubber trees and oil palms, should be accounted for in the same way as property, plant and equipment in AASB 116 Property, Plant and Equipment, because their operation is similar to that of manufacturing. The produce growing on bearer plants will remain within the scope of AASB 141. This Standard also makes various editorial corrections to other Australian Accounting Standards.	1 January 2016	1 January 2016

1. Summary of significant accounting policies (continued)

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

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 2014-1 Part B Amendments to AASB 119	Amendments to Australian Accounting Standards - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)	AASB 2014-Part B makes amendments in relation to the requirements for contributions from employees or third parties that are set out in the formal terms of the benefit plan and linked to service. The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.	1 July 2014	1 January 2015
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.	1 January 2017	1 January 2017

1. Summary of significant accounting policies (continued)

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

Reference	Title	Summary	Application date of standard	Application date for group*
		AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.		
AASB 1056	Superannuation Entities	AASB 1056 is a new Standard applying to superannuation entities replacing AAS 25 Financial Reporting by Superannuation Plans. This new standard specifies requirements for general purpose financial statements of superannuation entities and results in significant changes to presentation of financial statements, measurement and disclosure of defined benefit obligations and disclosure of disaggregated financial information.	1 July 2016	1 January 2017
AASB 2014-2	Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements [AASB 1053]	The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to: • clarify that AASB 1053 relates only to general purpose financial statements; • make AASB 1053 consistent with the availability of the AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors option in AASB 1 First-time Adoption of Australian Accounting Standards; • clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.	1 July 2014	1 January 2015

1. Summary of significant accounting policies (continued)

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

Reference	Title	Summary	Application date of standard	Application date for group*
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 January 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 January 2016
Disclosure Initiative	Amendments to IAS 1	As part of the IASB's Disclosure Initiative projects, the IASB issued Amendments to IAS 1 in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality	1 January 2016	1 January 2016

1. Summary of significant accounting policies (continued)

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

Reference	Title	Summary	Application date of standard	Application date for group*
		applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.		
Investment Entities: Applying the Consolidation Exception	Amendments to IFRS 10, IFRS 12 and IAS 28)	The amendment addresses the key issues that have arisen in the context of applying the consolidation exception for investment entities	1 January 2016	1 January 2016

* The impact of the adoption of these new and revised standards and interpretations have been considered in an initial review and are not considered to be significant change to the financial statements of the group. Final consideration of the changes is currently underway.

1. Summary of significant accounting policies (continued)

(z) 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 group 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.

2. Critical accounting estimates and judgements (continued)

Recoverability of capitalised mining costs and property, plant and equipment (continued)

The impairment assessment was based on future estimated cash flows expected over the life of mine, using a gold price of $1,500 per oz and pre-tax discount rate of 12%.

Exploration and evaluation expenditure

Determining the recoverability of exploration and evaluation expenditure capitalised, in accordance with the group's accounting policy (refer to Note 1(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 1(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 1(j).

Rehabilitation provision

The group has recognised a provision for rehabilitation associated with requirement by the West Australian Department of Industry and Resources, which is to ensure that appropriate rehabilitation is carried out on tenements that are mined. In determining the level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs and the estimated future inflation level.

The ultimate liability payable to rehabilitate the mine sites is uncertain. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes to the relevant legal requirements, price increases and changes in discount rates. The discount rate used in calculation of the provision is consistent with the risk free rate.

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 group 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 proven and probable reserve 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.

Deferred mining costs

The group defers production stage stripping costs which are calculated in accordance with accounting policy in Note 1(p). Changes in an individual mine's design will result in changes to the life-of-mine stripping ratio. Changes in other economic parameters that impact reserves will have an impact on the life-of-mine stripping ratio. Changes to deferred mining costs resulted from a change in life-of-mine stripping ratio are accounted for prospectively.

3. Segment information

Identification of reportable segments

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

- Paddington operations: This segment involves the Paddington, Bellamel and Bullabulling 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 accounting policies used by the group in reporting segments are the same as those used in the preparation of financial statements. Segment revenue represents gold and silver sales. Segment result is earnings before interest, tax and other significant items. Segment asset exclude tax losses and intercompany receivables.

The following table presents information for reportable operating segments for the reporting periods ended 31 December 2014 and 31 December 2013.

	Paddington operations $'000	Mount Morgan project $'000	Total $'000
12 months to 31 December 2014			
Total segment revenue	243,443	-	243,443
Intersegment revenue	-	-	-
Revenue from external customers	243,443	-	243,443
Segment result	41,349	-	41,349
Intersegment eliminations	-	-	-
Group allocated segment result	41,349	-	41,349
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	42,901	-	42,901
Intersegment eliminations	-	-	-
Group allocated segment result	42,901	-	42,901

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)

Description of segments (continued)

	2014 $'000	2013 $'000
Segment result includes depreciation of:		
Paddington Operations	(43,629)	(45,674)
Mount Morgan Project	-	-
	(43,629)	(45,674)

Reconciliation of segment result to profit before income tax is as follows:

	2014 $'000	2013 $'000
Group allocated segment result	41,349	42,901
Depreciation and amortisation	(136)	(105)
Corporate office activities	(10,399)	(9,809)
Write-off of non-current assets	(5,725)	-
Other	4	13
Finance income	759	1,548
Finance costs	(11,054)	(16,958)
Profit/(loss) before tax	14,798	17,590

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).

Total segment assets	Paddington operations $'000	Mount Morgan project $'000	Total $'000
Year ended 31 December 2014	336,135	12,106	348,241
Year ended 31 December 2013	279,580	12,934	292,514

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

	2014 $'000	2013 $'000
Group allocated assets	348,241	292,514
Unallocated:		
Cash and cash equivalents	15,941	37,630
Trade and other receivables	1,980	2,961
Deferred tax assets	13,256	14,853
Exploration and evaluation assets	4,738	2,906
Property, plant and equipment	258	365
Available-for-sale financial asset	3,987	-
Other assets	191	36
Total assets	388,592	351,265

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 2014	108,670	-	108,670
31 December 2013	153,447	-	153,447

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 37% of the revenue (2013: 73% of the revenue) and Macquarie Bank Limited which accounted for 63% of the revenue (2013: 27%).

Assets of the group are located in Australia.

4. Revenue

	2014 $'000	2013 $'000
Sales revenue		
Gold sales	240,990	258,918
Silver sales	2,453	759
Total sales revenue	**243,443**	**259,677**

5. Cost of sales

	2014 $'000	2013 $'000
Mining expenses	56,050	76,396
Milling costs	36,354	39,122
Maintenance	21,416	20,515
Haulage	20,828	19,726
Royalties	7,433	8,622
General site costs	14,213	16,658
Change in inventories	883	(9,054)
Depreciation and amortisation	43,575	45,674
Total cost of sales	**200,752**	**217,659**

(i) Included in this amount is operating lease expense of $909,000 (2013: $280,000) relating to light motor vehicles used in operations at site. Previous amount had been reclassified to cost of sales to be consistent with the presentation adopted in the current reporting period.

6. Administrative expenses

	2014 $'000	2013 $'000
Office and general administrative expenditure	6,782	6,286
Depreciation	189	105
Rental expense	789	603
Insurance	232	113
Directors' fees(ii)	1,005	305
Professional and consulting fees	1,562	1,765
Business development ass	1,447	519
Total administrative expenses	**12,006**	**9,696**

(ii) Included in 2014 amount was $739,000 in relation to fees paid to directors of Bullabulling Gold Limited.

7. Write-off of non-current assets

	2014 $'000	2013 $'000
Capitalised mining costs(i)	2,983	-
Exploration and evaluation assets(ii)	2,742	-
Total write-off of non-current assets	**5,725**	-

(i) The write-of of capitalised mining costs relates to the Golden Flag project. It has resulted from the completion of mining activities which led to the writing off of the excess of the carrying amount of the project.
(ii) The write-off of exploration and evaluation assets is in relation to non-core exploration tenements that were surrendered during the year.

8. Other income

	2014 $'000	2013 $'000
Gain on disposal of exploration assets	-	300
Other income	133	378
Total other income	**133**	**678**

9. Employee benefits

	2014 $'000	2013 $'000
Salaries, wages and related costs (including executive directors)	49,066	46,208
Equity-settled share-based payments	70	85
Cash-settled share-based payments	322	384
Superannuation contributions (defined contribution)	4,071	3,488
Total employee benefits	**53,529**	**50,165**

10. Net finance costs

	2014 $'000	2013 $'000
Finance income		
Interest	759	1,548
Total finance income	**759**	**1,548**
Finance costs		
Net foreign exchange loss	(2,825)	(12,126)
Secured Note facility	(7,161)	(4,676)
Unwind of discount on provisions	(1,068)	(156)
Total finance costs	(11,054)	(16,958)
Total net finance costs	**(10,295)**	**(15,410)**

11. Income tax

	2014 $'000	2013 $'000
Income tax expense/(benefit) reported in the profit or loss		
Current tax		
- current tax	-	-
Deferred tax		
- origination and reversal of temporary differences	4,742	5,310
- adjustment for previous years	(1,753)	(7,235)
- recognition of previously unrecognised tax losses	(1,387)	(2,950)
Total income tax expense/(benefit)	**1,602**	**(4,875)**
Deferred tax related to items recognised in other comprehensive income during the year		
Unrealised gain on available-for-sale financial assets	203	-
Cash flow hedges deferred in equity	(208)	-
Deferred tax charged to other comprehensive income	**(5)**	**-**

Reconciliation of income tax expense/(benefit) to prima facie tax

	2014 $'000	2013 $'000
Profit before tax	14,798	17,590
Tax expense at 30% (31 December 2013: 30%)	4,439	5,277
Non-deductible expenses for tax purposes:		
Entertainment	18	6
Share-based payments	68	27
Other non-deductible expenses	(91)	-
Adjustments in respect of acquisition of operations	308	-
Recognition of previously unrecognised tax losses	(1,387)	(2,950)
Over provided in prior years	(1,753)	(7,235)
Income tax expense/(benefit)	1,602	(4,875)

Tax losses

The group has tax losses of $9,632,000 that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they are restricted by the 'available fraction' ascribed to these losses, which may inhibit the group from fully utilise these losses in a given taxable year.

Tax consolidation

Norton Gold Fields Limited and its wholly owned entities formed a tax consolidated group with effect from 1 July 2010. Norton Gold Fields Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the consolidated financial statements in respect of this agreement on the basis that the possibility of default is remote.

Members of the tax consolidated group 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. The group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The allocation of taxes under the tax funding agreement is recognised as an increase or a decrease in the wholly owned entities' intercompany accounts with the tax consolidated group head entity which is receivable (payable) at call.

12. Cash and cash equivalents

	2014 $'000	2013 $'000
Cash at bank and on hand	15,743	15,074
Short-term deposits	3,499	23,195
Total cash and cash equivalents	**19,242**	**38,269**

13. Trade and other receivables

	2014 $'000	2013 $'000
Trade receivables(i)	3,759	5,437
Other receivables(ii)	2,815	2,433
Other financial assets(iii)	531	2,347
Interest receivable	18	142
Total trade and other receivables	**7,123**	**10,359**

(i) Relate mainly to gold sales and are non-interest bearing.

(ii) Arise from usual operating activities of the group 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.

(iii) Relate to term deposits with financial institution with maturities of greater than three months.

Refer to Note 30 on credit risk on trade receivables.

14. Inventories

	2014 $'000	2013 $'000
Raw materials and stores (at cost)	10,945	12,044
Provision for obsolescence	(346)	(600)
Total raw materials and stores	10,599	11,444
Ore stockpiles (at lower of cost and net realisable value)	16,269	17,307
Gold in circuit (at lower of cost and net realisable value)	3,753	3,356
Total inventories (at lower of cost and net realisable value)	**30,621**	**32,107**

15. Other assets

	2014 $'000	2013 $'000
Non-current		
Security deposits(i)	116	3,675
Total other assets – non-current	**116**	**3,675**

(i) Security deposits (2013: $1,991,000) that were collateralised against guarantees provided by the National Australia Bank in favour of the West Australian Department of Industry and Resources for rehabilitation costs were released in current reporting period.

16. Tax assets and liabilities

	2014 $'000	2013 $'000
Deferred tax assets arising from:		
Capital costs	978	802
Property, plant and equipment	1,393	3,062
Rehabilitation provision	8,825	7,869
Mining information	42	58
Tax losses	22,207	27,871
Research and development	5,595	-
Trade payables	600	165
Employee benefits	2,171	1,945
Borrowings	-	1,187
Cash flow hedges deferred in equity	208	-
	42,019	42,959
Deferred tax liabilities arising from:		
Inventories	(3,180)	(3,433)
Mine properties	(9,228)	(7,144)
Deferred exploration and evaluation costs	(16,152)	(17,529)
Revaluation of available-for-sale investment to fair value	(203)	-
	(28,763)	(28,106)
Net deferred tax assets	**13,256**	**14,853**

Reconciliation of deferred tax assets, net:

2014	Balance at 1 January $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Balance at 31 December $'000
Capital costs	802	176	-	978
Property, plant and equipment	3,062	(1,669)	-	1,393
Rehabilitation provision	7,869	956	-	8,825
Mining information	58	(16)	-	42
Tax losses	27,871	(5,664)	-	22,207
Research and development	-	5,595	-	5,595
Trade payables	165	435	-	600
Employee benefits	1,945	226	-	2,171
Borrowings	1,187	(1,187)	-	-
Cash flow hedges deferred in equity	-	-	208	208
Inventories	(3,433)	253	-	(3,180)
Mining properties	(7,144)	(2,084)	-	(9,228)
Deferred exploration and evaluation costs	(17,529)	1,377	-	(16,152)
Revaluation of available-for-sale investment to fair value	-	-	(203)	(203)
	14,853	(1,602)	5	13,256

16. Tax assets and liabilities (continued)

2013	Balance at 1 January $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Balance at 31 December $'000
Capital costs	190	612	-	802
Property, plant and equipment	2,853	209	-	3,062
Rehabilitation provision	7,239	630	-	7,869
Mining information	2,546	(2,488)	-	58
Mining properties	3,849	(10,993)	-	(7,144)
Inventories	392	(3,825)	-	(3,433)
Tax losses	15,550	12,321	-	27,871
Trade payables	480	(315)	-	165
Other receivables	61	(61)	-	-
Employee benefits	1,473	472	-	1,945
Borrowings	-	1,187	-	1,187
Deferred exploration and evaluation costs	(24,655)	7,126	-	(17,529)
	9,978	4,875	-	14,853

17. Exploration and evaluation assets

	2014 $'000	2013 $'000
Capitalised exploration and evaluation expenditure at 1 January	60,241	74,801
Exploration and evaluation expenditure capitalised	15,089	13,393
Acquisition of subsidiaries and operations	27,435	-
Write-off of abandoned exploration tenements	(2,742)	-
Transferred to capitalised mining costs	(1,741)	(27,953)
Capitalised exploration and evaluation expenditure at 31 December	**98,282**	**60,241**

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.

18. Capitalised mining costs

	2014 $'000	2013 $'000
Capitalised mining costs - at cost	317,556	255,481
Accumulated amortisation	(198,411)	(162,885)
Total capitalised mining costs	**119,145**	**92,596**
The capitalised mining costs carried forward above have been determined as follows:		
Carrying amount at 1 January	92,596	37,235
Costs incurred during the year	63,317	54,676
Acquisition of subsidiaries and operations	-	11,202
Transferred from exploration and evaluation assets	1,741	27,953
Write-off of capitalised mining assets	(2,983)	-
Amortisation	(35,526)	(38,470)
Carrying amount at 31 December	**119,145**	**92,596**

19. Property, plant and equipment

	2014 $'000	2013 $'000
Plant and equipment – at cost	114,711	115,320
Accumulated depreciation	(26,158)	(18,196)
	88,553	97,124
Building improvements – at cost	7,647	2,422
Accumulated depreciation	(1,065)	(789)
	6,582	1,633
Total property, plant and equipment	**95,135**	**98,757**

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 January 2013	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
Additions	3,935	-	3,935
Transfer of assets	(5,225)	5,225	-
Acquisition of subsidiaries and operations	693	-	693
Disposals	(12)	-	(12)
Depreciation	(7,962)	(276)	(8,238)
Carrying amount at 31 December 2014	**88,553**	**6,582**	**95,135**

The carrying value of property, plant and equipment held under finance lease at 31 December 2014 was $552,779 (2013: $660,000). Lease assets are pledged as security for the related finance lease liabilities.

20. Available-for-sale financial asset

	2014 $'000	2013 $'000
Investment in a listed entity – at fair value[(i)]	3,987	-
Total available-for-sale financial asset	**3,987**	**-**

(i) Fair value is based on quoted market price at reporting date.

21. Trade and other payables

	2014 $'000	2013 $'000
Trade payables(i)	10,247	12,499
Other payables and accruals(i)	21,577	16,600
Accrued interest(ii)	555	565
Total trade and other payables	**32,379**	**29,664**

(i) Trade and other payables and accruals are non-interest bearing and are normally settled on 30-day terms.
(ii) Interest payable is normally settled monthly throughout the financial year.

For explanations on the group's credit risk management processes, refer to Note 30.

22. Borrowings

	2014 $'000	2013 $'000
Current		
Gold Mountains loan - unsecured(i)	-	16,903
Finance lease liabilities - unsecured(iv)	122	114
Other borrowings – unsecured(iii)	1,361	-
Total borrowings - current	**1,483**	**17,017**
Non-current		
ICBC and ABC facilities - secured(ii)	144,696	112,826
Finance lease liabilities - unsecured(iv)	404	509
Total borrowings - non-current	**145,100**	**113,335**
Total borrowings	**146,583**	**130,352**

(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 was fully repaid in August 2014.

(ii) (a) 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 was converted into an Australian dollars credit facility. This loan had been repaid in full in December 2014 upon securing $120,000,000 credit facility (refer (c) below).

(b) In December 2014, the Company secured a new $40,000,000 credit facility through the Perth branch of ICBC. The credit facility has a term of 3 years, attracts interest of base rate plus 2.45% and is secured by a letter of guarantee issued by the Company's major shareholder Zijin Mining Group Co.,Ltd. At 31 December 2014, $25,000,000 was drawn down from this facility.

(c) The Company also successfully secured a new $120,000,000 credit facility jointly through the Perth branch of ICBC (50% of the credit facility) and the Sydney branch of Agricultural Bank of China (50% of the credit facility). The facility was utilised to repay the US$105,000,000 and to fund the Company's working capital requirements. This new credit facility with the Perth branch of ICBC has a term of 3 years and attracts interest of base rate plus 2.1%. On the other hand, the credit facility with the Sydney branch of Agricultural Bank of China has a term of 3 years and attracts interest of 3-month BBSW plus 2.05%. The credit facility is secured by a letter of guarantee issued by the Company's major shareholder Zijin Mining Group Co.,Ltd. At 31 December 2014, the $120,000,000 credit facility was fully drawn.

(iii) These relate to an insurance funding arrangement entered into with an independent third party as part of the insurance package.

22. Borrowings (continued)

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

	Minimum lease payments 2014 $'000	Interest 2014 $'000	Present value of minimum lease payments 2014 $'000	Minimum lease payments 2013 $'000	Interest 2013 $'000	Present value of minimum lease payments 2013 $'000
Less than one year	150	28	122	149	35	114
Between one and five	418	14	404	149	28	121
More than five years	-	-	-	402	14	388
	568	42	526	700	77	623

23. Provisions

	2014 $'000	2013 $'000
Current		
Employee benefits	6,375	5,382
Mine rehabilitation	1,049	1,043
Total provisions - current	**7,424**	**6,425**
Non-current		
Employee benefits	1,196	1,013
Mine rehabilitation	28,369	25,266
Total provisions - non-current	29,565	26,279
Total provisions	**36,989**	**32,704**

Movements in provision are set out in the table below.

	Mine rehabilitation $'000
At 1 January 2014	26,309
Acquisition of subsidiaries and operations	1,215
Change in provision	2,519
Unwind of discount on provision	1,068
Utilisation	(1,693)
At 31 December 2014	**29,418**

Mine rehabilitation

The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. Mine rehabilitation activities are monitored by the Western Australian Department of Mines and Petroleum and therefore, they are subject to the approval by the Western Australian Department of Mines and Petroleum.

The mine rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 20 years. These provisions have been created based on the group's internal estimates. Although the ultimate cost to be incurred is uncertain, the group has estimated its costs using current restoration standards and techniques. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required. Furthermore, timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates.

23. Provisions (continued)

When the liability is initially recognised, a corresponding asset is also recognised as part of the development costs of the mine and is amortised over the same useful life. Over time, the liability is increased for the change in present value based on discount rates that reflect the current market assessment and the risk specific to the liability. Changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

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.

24. Other financial liabilities

	2014 $'000	2013 $'000
Forward foreign exchange contract(i) - current	-	175
Commodity forward contracts(ii) – non-current	695	-
Total other financial liability	**695**	**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 22). The foreign exchange contract had expired upon full settlement of US$15,000,000 in August 2014.

(ii) These relate to diesel forward contracts which are entered into to manage the group's exposure to movements in commodity price.

25. Other liability

	2014 $'000	2013 $'000
Cash-settled share-based payment liability - current(i)	433	236
Cash-settled share-based payment liability – non-current(i)	273	148
Total other liability	**706**	**384**

(i) This relates to 2014 and 2013 long-term incentive plans which is settled in cash (refer to Note 40).

26. Contributed equity

	2014 $'000	2013 $'000
931,850,665 fully paid ordinary shares (2013: 931,850,662)	186,892	186,892
Less: share issue costs	(51)	(51)
Total contributed equity	**186,841**	**186,841**

(a) Movements in fully paid ordinary shares

	2014 Shares	2013 Shares	2014 $'000	2013 $'000
Balance at 1 January	931,850,662	861,580,265	186,841	176,652
Ordinary shares issued as a result of takeover of KMC(i)	3	70,270,397	-	10,189
Balance at 31 December	**931,850,665**	**931,850,662**	**186,841**	**186,841**

(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 72,591,790 Norton unlisted options.

26. Contributed equity (continued)

(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) Employee share options

Information relating to share-based payments, including details of employee share options issued, exercised and lapsed during the year and employee share options outstanding at the end of the year, is set out in Note 28.

(d) Unlisted share options issued as a result of takeover of KMC

See Note 27 for details of these unlisted options. Each option entitles the holder to obtain one share of the Company. These options are exercisable at $0.27 per option into one ordinary share on or before 30 April 2015.

(e) Capital management

The group'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 group aims to maintain an optimal capital structure to minimise cost of capital and maximise shareholder returns. The group'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 group consists of debt in the form of borrowings as disclosed in Note 20, cash and cash equivalents and equity. The group 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.

The group's gearing ratio is monitored and maintained at a level that is appropriate for its growth plans. The group 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 group's gearing ratios at 31 December 2014 and 2013 were as follows:

	Notes	2014 $'000	2013 $'000
Total debt	22	146,583	130,352
Less: cash and cash equivalents	12	(19,242)	(38,269)
Net debt		127,341	92,083
Total equity		171,240	157,986
Total capital		298,581	250,069
Gearing ratio		**42.65%**	**36.82%**

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

Norton has complied with the financial covenants of its borrowing facilities during the 31 December 2014 and 2013 reporting periods.

27. Reserves

	2014 $'000	2013 $'000
(a) Reserves		
Share-based payment reserve	10,648	10,578
Option reserve	1,463	1,463
Available-for-sale reserve	475	-
Cash flow hedge reserve	(487)	-
Total reserves	**12,099**	**12,041**

(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 72,591,790 unlisted options consideration as a result of takeover of KMC.

Available-for-sale reserve

The available-for-sale reserve records movements in the fair value of available-for-sale financial assets. Where a revalued financial asset is sold or is determined to be impaired, the cumulative gain or loss included in the reserve is recognised in profit or loss.

Cash flow hedge reserve

The cash flow hedge reserve is used to record the effective portion of changes in the fair value of cash flow hedge.

28. Key management personnel disclosures

	2014 $	2013 $
Key management personnel compensation		
Short-term employee benefits	3,075,788	3,066,857
Post-employment benefits	157,609	134,435
Long-term benefits	52,195	22,099
Equity compensation benefits	244,622	320,888
Total key management personnel compensation	**3,530,214**	**3,544,279**

Interests held by key management personnel

Share options held by key management personnel have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	2014 Number outstanding	2013 Number outstanding
21 August 2012	22 August 2017	$0.241	8,000,000	8,000,000
			8,000,000	8,000,000

29. Auditors' remuneration

	2014 $	2013 $
(a) Audit services		
Auditors of the Company – Ernst & Young		
Audit and review of financial reports – current period	200,000	200,000
Audit and review of financial reports – prior period	25,000	-
Total remuneration for audit services	225,000	200,000
(b) Other services		
Auditors of the Company – Ernst & Young		
Taxation services	25,000	40,000
Other non-audit services	-	30,000
Total remuneration for other services	25,000	70,000
Total auditors' remuneration	**250,000**	**270,000**

30. 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

	2014 $'000	2013 $'000
Financial assets		
Cash and cash equivalents	19,242	38,269
Loans and receivables		
Trade and other receivables	7,123	10,359
Security deposits	56	3,675
Available-for-sale financial assets at fair value through other comprehensive income	3,987	-
	30,408	52,303
Financial liabilities		
At amortised cost		
Trade and other payables	32,379	29,664
Financial liabilities – borrowings	146,583	130,352
Forward foreign exchange contract	-	175
Commodity forward contracts	695	-
	179,657	160,191

30. Financial instruments (continued)

(c) Commodity price risk

The group is predominantly exposed to commodity price fluctuations, in particular to gold and diesel prices 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 group's policies approved by the board of directors, which provides written principles on this risk. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Contracts to sell and deliver gold are accounted for as executory contracts.

In the current reporting period, the group has undertakes a short-term diesel hedging to manage its exposure to movements in diesel prices. These diesel contracts, with effect from 1 January 2015, would be accounted for as executory contracts (refer to Note 32(d)). In addition, the group also enters into diesel forward purchases contracts to effectively fix the changes in cash flow attributable to the movements in the diesel. Diesel forward purchases contracts are designated into hedge relationships, comprised of contracted purchase of 4,800,000 litres for an average price of $0.786.

(d) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of the group'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 Bank of China. Cash has been spread over these financial institutions to reduce credit risk. The group's trade receivables relate mainly to gold sales. The group has determined that the risk is low, as the gold is only sold to the Perth Mint and Macquarie Bank Limited, which are perceived as reliable, with short contractual payment terms.

(e) Liquidity risk

The liquidity position of the group is managed to ensure sufficient liquid funds are available to meet the group's financial commitments in a timely and cost-effective way. The group evaluates operating cash flows regularly and assesses performance against capital commitments to ensure liquidity. The contractual maturities of the group'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
2014						
Trade and other payables	33,140	33,140	33,140	-	-	-
Borrowings	146,583	165,728	7,066	7,066	151,596	-
Commodity forward contracts	695	3,773	-	3,773	-	-
Total	**180,418**	**202,641**	**40,206**	**10,839**	**151,596**	**-**
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	17,089	17,089	-	-	-
Total	**83,160**	**84,110**	**71,985**	**557**	**11,568**	**-**

In addition, the group holds sufficient financial assets that are either cash or cash equivalents as operating capital. The group 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.

30. 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 group's ICBC and ABC facilities (refer to Note 22) is exposed to interest rate risk as it is subject to a floating interest rate. As at 31 December 2014 the average interest rate of Norton's bank loan was between 4.34% per annum (2013: 3.06% per annum). A 100 basis point increase or decrease in the interest rate on bank loan held at 31 December 2014 would result in $1,201,000 increase or decrease in the group's profit before tax. Management continually monitors the fluctuation of the floating interest rate. The group's cash and cash equivalents and finance lease liabilities at 31 December 2014 are fixed interest rate financial instruments. Therefore, they are not subject to interest rate risk.

(g) Foreign currency risk

The group operates principally in Australia. There was no or minimal exposure to foreign currency risk in 2014 upon settlement of the group's ICBC bank loan denominated in US dollars of USD25,000,000 (see Note 22).

(h) Fair value measurements

The group 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 group's financial instruments measured and recognised at fair value:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2014				
Available-for-sale financial assets	3,987	-	-	3,987
Commodity forward contracts	-	695	-	695
2013				
Forward foreign exchange contract	-	175	-	175

The fair values of the financial assets and financial liabilities for the group have been determined for measurement and/or disclosure purposes based on the following methods:

The fair values of cash, term deposits, trade and other receivables, trade and other payables and other short-term borrowings approximate their carrying amounts as a result of their short maturity.

The fair value of other borrowings as well as other long-term receivables (security deposits), that do not have an active market, are based on valuation techniques such as present value techniques, using both observable and unobservable market inputs.

31. Contingencies

The group had no contingent liabilities at 31 December 2014 (2013: Nil).

32. Commitments

(a) Operating lease commitments

The group 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 respective rent agreements. The lease allows for subletting of all lease areas.

	2014 $'000	2013 $'000
These commitments are not provided for in the consolidated financial statements and are payable		
Within one year	1,542	1,266
Later than one year but not later than five years	2,032	2,974
	3,574	**4,240**

(b) Physical gold delivery commitments

The group is exposed to movements in the gold price. As part of the risk management policy of the group, the group enters into gold forward sales contracts to manage the gold price of a proportion of anticipated sales of gold. It is management's intention to settle each contract through physical delivery of gold.

The counterparty to the gold forward sales contracts is Macquarie Bank Limited ("MBL"). The gold forward sale contracts disclosed below do not meet the criteria of financial instruments for accounting purposes on the basis that they meet the normal purchase/sale exemption because physical gold will be delivered into the contract. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered to MBL or its agent.

	Gold for physical delivery Ounces	Contracted gold sale price $/ounce	Value of committed sales $'000
These commitments are not provided for in the consolidated financial statements			
Within one year	97,500	1,430.70	139,493
Later than one year but not later than five years	25,000	1,431.19	35,780
	122,500		**175,273**

(c) Exploration commitments

The group 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 group to avoid forfeiture of any tenement.

	2014 $'000	2013 $'000
These exploration commitments are not provided for in the consolidated financial statements and are payable		
Within one year	7,289	7,549
Later than one year but not later than five years	29,007	31,880
More than five years	53,301	54,976
	89,597	**94,405**

32. Commitments (continued)

(d) Diesel forward contracts commitment

The group is exposed to movements in the diesel prices. As part of the risk management policy of the group, the group enters into diesel forward purchase contracts to manage the diel price of a proportion of anticipated fuel usage. It is management's intention to settle each contract through physical receipt of the diesel. These contracts are with effect from 1 January 2015.

The table below outlines the diesel forward contracts outstanding at the reporting date.

	Quantity	Contracted fixed price	Fair value
	Litres	**$/litre**	**$'000**
These commitments are not provided for in the consolidated financial statements			
Within one year	10,000,000	1.21257	12,126
	10,000,000		**12,126**

33. Capital commitments

The group had no capital expenditure contracted at the reporting date (2013: Nil).

34. Related party transactions

(a) Parent entity

The parent entity within the group 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 2014 owns 82.43% 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 interest in Norton on 2 August 2012.

During the reporting period 31 December 2014, Norton secured a $100,000,000 credit facility through the Perth branch of Industrial and Commercial Bank of China Limited and $60,000,000 credit facility through the Sydney branch of Agricultural Bank of China. The credit facilities have a term of three years and are secured by letters of guarantee issued by the Zijin Mining Group Co., Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 36.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Notes 28.

(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 $1,474,508 (2013: $1,668,168) in relation to the Industrial and Commercial Bank of China Limited's loan paid to Zijin Mining Group Co., Ltd.

35. 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).

	2014 $'000	2013 $'000
Current assets	17,870	64,205
Non-current assets	158,475	119,094
Total assets	176,345	183,299
Current liabilities	4,420	1,928
Non-current liabilities	145,475	133,246
Total liabilities	149,895	135,174
Net assets	**26,450**	**48,125**
Contributed equity	186,841	186,841
Reserves	12,092	12,033
Accumulated losses	(172,483)	(150,749)
Total equity	**26,450**	**48,125**

	2014 $'000	2013 $'000
Loss for the year	(21,445)	(32,348)
Other comprehensive income for the year		
Other comprehensive income to be classified to profit or loss in subsequent periods (net of tax):		
Gain on available-for-sale financial assets	475	-
Cash flow hedges deferred in equity	(487)	-
Other comprehensive income for the year, net of tax	(12)	-
Total comprehensive loss for year	**(21,457)**	**(32,348)**

36. 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). There are no unconsolidated structured entities.

Name of entity	Country of incorporation	Class of Shares	Equity holding	
			2014	2013
			%	%
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	100	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
Kalgoorlie Mining Company Ltd	Australia	Ordinary	100	100
Kalgoorlie Mining Company (Bullant) Pty Ltd	Australia	Ordinary	100	100
Bullabulling Gold Limited	Australia	Ordinary	100	-
Bullabulling Operations Pty Ltd	Australia	Ordinary	100	-
Bullabulling Gold (UK) Ltd	The UK	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 2014 is set out below.

36. Subsidiaries (continued)

Closed Group consolidated statement of comprehensive income

	2014 $'000	2013 $'000
Revenue	243,443	259,677
Cost of sales	(200,752)	(217,659)
Gross profit	**42,691**	**42,018**
Administrative expenses	(10,514)	(9,705)
Write-off of non-current assets	(5,695)	-
Other income	136	678
Profit before net finance costs	**26,618**	**32,991**
Finance income	758	1,548
Finance costs	(11,054)	(16,944)
Profit before tax	**16,322**	**17,595**
Income tax (expense)/benefit	(1,602)	4,875
Profit for the year	**14,720**	**22,470**
Other comprehensive income for the year		
Other comprehensive income to be classified to profit or loss in subsequent periods (net of tax):	-	-
Gain on available-for-sale financial assets	475	-
Cash flow hedges deferred in equity	(487)	-
Other comprehensive income for the year, net of tax	**(12)**	**-**
Total comprehensive income for the year	**14,708**	**22,470**

36. Subsidiaries (continued)

Closed Group consolidated statement of financial position

	2014 $'000	2013 $'000
Current assets		
Cash and cash equivalents	18,820	38,217
Trade and other receivables	6,959	10,644
Inventories	30,621	32,106
Prepayment	1,627	-
Total current assets	58,027	80,967
Non-current assets		
Deferred tax assets	14,754	16,270
Investment in subsidiaries	40,444	12,853
Exploration and evaluation assets	61,462	51,729
Capitalised mining costs	92,345	65,414
Property, plant and equipment	92,127	96,387
Available-for-sale financial asset	3,987	-
Other assets	-	3,710
Total non-current assets	305,119	246,363
Total assets	**363,146**	**327,330**
Current liabilities		
Trade and other payables	34,720	33,684
Borrowings	1,483	17,017
Provisions	7,339	5,548
Other financial liabilities	-	175
Other liability	433	236
Total current liabilities	43,975	56,660
Non-current liabilities		
Borrowings	145,100	113,335
Provisions	24,903	23,291
Other financial liabilities	695	-
Other liability	273	148
Total non-current liabilities	170,971	136,774
Total liabilities	214,946	193,434
Net assets	**148,200**	**133,896**
Equity		
Contributed equity	186,841	186,841
Reserves	12,099	12,515
Accumulated losses	(50,740)	(65,460)
Total equity	**148,200**	**133,896**

37. Events occurring after the balance sheet date

On 6 February 2015, the group announced that a binding Scheme Implementation Agreement ('SIA') has been entered into between the group and its major shareholder, Zijin Mining Group Co., Ltd ('Zijin'). The SIA provides that Zijin will acquire all of the issued securities that it does not already own, by way of a Court approved Scheme of Arrangement for an offer consideration of $0.20 per share. The completion of the transaction is tentatively in late May 2015.

Other than the above matter, there were no matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the group, the result of those operations, or the state of affairs of the group in future financial years.

38. 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 12.

	2014 $'000	2013 $'000
Reconciliation from the net profit after tax to the net cash from operating activities		
Net profit for the year	13,196	22,465
Adjustments for:		
Depreciation and amortisation	43,764	45,779
Unwinding of discount on provisions	1,068	156
Share-based payments expense	392	469
Net foreign exchange loss	2,825	12,126
Gain on disposal of exploration assets	-	(300)
Write-off of non-current assets	5,725	-
Changes in operating assets and liabilities		
Decrease in trade and other receivables	988	5,123
(Increase)/decrease in inventories	1,485	(10,760)
(Increase)/decrease in deferred tax	1,602	(4,875)
Increase/(decrease) in trade and other payables	1,581	(5,172)
Increase in provisions	319	2,167
Net cash provided by operating activities	**72,945**	**67,178**

Non-cash investing activities

Leased assets of $552,779 (2013: $660,00) arising from finance lease arrangements during the current year have been recognised in the consolidated statement of financial position.

39. Earnings per share

	2014 Cents	2013 Cents
Basic earnings/(loss) per share	1.42	2.52
Diluted earnings/(loss) per share	1.42	2.52

Information concerning earnings per share:

(a) Earnings used for basic and diluted earnings per share are profit after tax of $13,196,000 (31 December 2013: loss after tax of $22,465,000).
(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:

	2014 Number	2013 Number
Number used in calculating basic earnings per share	931,850,665	890,254,437
Effect of share options on issue	-	-
Number used in calculating diluted earnings per share	931,850,665	890,254,437

At 31 December 2014, total equity instruments of 80,591,790 (2013: 80,591,793) were excluded from the diluted weighted average number of ordinary shares calculation due to their antidilutive nature in the current reporting year.

40. Share-based payments

(a) Cash-settled share-based payment

The company offers annual deferred performance units, which are settled in cash based upon the company's share price at the redemption date, to key personnel provided they remain in employment with the group. Each performance unit will vest in three tranches over a three-year period.

The number of performance units to be granted is determined by dividing the long-term incentive dollar value of the award by the fair value of the performance unit on the allocation date. The key variables used in the valuation of performance units are as follows:

	2014	2013
Period of the performance units from grant date	2.08 years	2.17 years
Exercise price	$nil	$nil
Underlying share price at grant date	$0.12	$0.14
Expected dividend yield	-	-

(b) 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:

	2014 $'000	2013 $'000
Performance shares	-	22
Performance options	70	63
Cash-settled share-based payment	322	384
	392	469

There were no cancellations or modifications to the awards in 2014 or 2013.

41. Business combination

On 17 April 2014, Norton announced that it had made an off-market takeover offer for all the fully paid ordinary shares in Bullabulling Gold Limited ("Bullabulling"), which is involved in mining exploration and development. Bullabulling is headquartered in Perth, Western Australia and is dual-listed on the Australian Securities Exchange and London AIM. The offer for Bullabulling continues Norton's strategy to consolidate opportunities in Western Australia's gold sector. On 5 May 2014, the Company announced that the offer had become unconditional with Norton receiving acceptances representing over 41% of Bullabulling's shares. On 14 July 2014, Norton obtained greater than 50% of the issued capital of Bullabulling. On 4 August 2014, subsequent to Norton receiving acceptances representing 75.99% of Bullabulling's shares, Bullabulling announced the appointment of Dr Chen and Dr White as directors of Bullabulling. Dr Chen was also appointed as the Chairman of Bullabulling. On 15 September 2014, Norton undertook compulsory acquisition of the remaining Bullabulling's shares.

The fair value of the identifiable net assets of Bullabulling as at the date of acquisition were:

	Fair value recognised at acquisition date $'000
Assets	
Current assets	
Cash and cash equivalents	2,055
Receivables	560
Prepayments	100
Total current assets	2,715
Non-current assets	
Receivables	186
Exploration and evaluation expenditure capitalised	27,435
Property, plant and equipment	693
Total non-current assets	28,314
Total assets	31,029
Liabilities	
Current liabilities	
Trade and other payables	(1,460)
Provisions	(289)
Total current liabilities	(1,749)
Non-current liabilities	
Provisions	(1,215)
Total non-current liabilities	(1,215)
Total liabilities	(2,964)
Net assets acquired	**28,065**

Details of purchase consideration transferred:

	Number of shares	**$'000**
Fair value of share consideration	350,811,553	28,065
Cash and cash equivalents acquired		(2,055)
Acquisition of a subsidiary, net of cash acquired		26,010

The fair value of shares acquired is based on a price offer of $0.08 per ordinary share.

Transaction costs of $878,000 were expensed and are included in administrative expenses.

Bullabulling contributed revenue of $Nil and a net loss of $1,579,000 to the group for the period 14 July 2014 to 31 December 2014. If the acquisition of Bullabulling had occurred at the beginning of the year, the consolidated revenue and consolidated profit for the 2014 year would have been $243,443,000 and $9,836,000, respectively.