



21 February 2011

Appendix 4D (Rule 4.2A.3)
Financial Report
For the half -year period ended 31 December 2010

Results for announcement to the market
(all comparisons are to the half-year ended 31 December 2009)

	\$'000	Up/Down	% movement
Revenue	111,858	Up	47%
Profit after income tax (NPAT)	8,402	Up	165%

Audit

This report is based on the consolidated half-year financial report which has been reviewed.

Acquisitions and disposals

There were no acquisitions in the period. On 17 December 2010 the company announced the sale of its Sienna and Electra Coal projects to Boardwalk Siena Pty Ltd (Boardwalk), a subsidiary of Boardwalk Resources Pty Ltd, for \$30.000 million. The conditions precedent, including indicative approval from the Minister for the sale of EPC1033 and consent from Lehman Brothers Commercial Corporation (Lehmans), have been received, resulting in the Sale and Purchase agreement being unconditional as announced on 15 February 2011. A \$0.500 million deposit has already been paid and Tranche 1 (\$14.500 million) is now payable by Boardwalk on 14 March 2011. Of the \$14.500 million to be received in Tranche 1, \$13.043 million will be immediately applied against the Senior Secured Note held by Lehmans. The half year results do not take into consideration the impact of sale.

Commentary on results for the period

The gross profit increased significantly from \$11.250 million for the corresponding half-year period to \$26.623 million for the six months ended 31 December 2010. This was largely due to a higher gold price and higher ounces shipped. The net cash from operations was \$31.305 million compared to \$7.732 million in the prior period. The September and December Quarterly Reports provide details of the key operational drivers during the period.

The profit after income tax of the group (NPAT) for the half-year is \$8.402 million (2009: loss of \$12.880 million). The increased result is mainly due to the gross profit improvement noted above and the hedge settlement resulting in no fair value adjustment.

During the half-year period, the company entered into an agreement to settle its hedge litigation with Lehman Brothers Commercial Corporation ('LBCC'). The gold hedge with LBCC was cancelled in exchange for payment to LBCC of \$10.000 million upfront and the issuance of a Senior Secured Note for \$97.000 million to be repaid over 4 years. The agreement represents the best available outcome for the shareholders. The settlement offers the company greater certainty and will allow the group to move forward and focus on expanding production and reducing costs. The settlement was completed as announced on 6 September 2010.

Part of the hedge finalisation process included the company making an offer to convertible note holders for the redemption and partial conversion of the \$38.000 million (face value) in convertible notes on issue.

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Commentary on results for the period continued

All of the convertible note holders accepted the company's offer. The company redeemed \$23.800 million worth of convertible notes at the August 2011 redemption value, (which includes a 5% premium to the face value of the convertible notes), and the remaining convertible notes were converted into shares at 25 cents per share (at a 22% premium to the share price at the time of conversion), resulting in the issue of 56.800 million shares.

Commentary on the results is also provided in the ASX release accompanying this statement.

Dividends

The Directors do not recommend payment of a dividend. No dividend was paid during the half-year or the corresponding period. Consequently there is no record date.

Net tangible assets per share (fully diluted)

The net tangible assets per share were 14.8 cents for 31 December 2010 and 9.6 cents for 30 June 2010.

Additional 4D disclosures

Additional disclosure requirements can be found in the Directors' Report and consolidated financial report attached to this report.

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NORTON GOLD FIELDS LIMITED

ACN 112 287 797

Interim Financial Report for the half-year ended 31 December 2010

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Norton Gold Fields Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Directors' report

The directors present their report on the Norton Gold Fields Limited Consolidated Group (the group) consisting of Norton Gold Fields Limited (the company) and the entities it controlled at the end of or during the half-year ended 31 December 2010.

Directors

The following persons were directors of Norton Gold Fields Limited during the half-year period and up to the date of this report:

Mark Wheatley (Non-executive Chairman)
W. André Labuschagne (Managing Director appointed 13 September 2010)
A. Timothy Prowse (Non-Executive Director)
Mark McCauley (Executive director till 12 September 2010 and Non- Executive Director thereafter)
Tim Sun (Non-Executive Director)
David Franklin (Non-Executive Director)
Anne Bi (Non-Executive Director)
Allen Wu (Alternate Director appointed on 28 October 2010)
Ian McCauley (Alternate Director resigned on 6 September 2010)

Review of operations

The gross profit increased significantly from \$11.250 million for the corresponding half-year period to \$26.623 million for the six months ended 31 December 2010. This was largely due to a higher gold price and higher ounces shipped. The net cash from operations was \$31.305 million compared to \$7.732 million in the prior period. The September and December quarterly reports provide details of the key operational drivers during the period.

The profit after income tax of the group (NPAT) for the half-year is \$8.402 million (2009: loss of \$12.880 million). The increased result is mainly due to the gross profit improvement noted above and the hedge settlement resulting in no fair value adjustment.

During the half-year period, the company entered into an agreement to settle its hedge litigation with Lehman Brothers Commercial Corporation ('LBCC'). The gold hedge with LBCC was cancelled in exchange for payment to LBCC of \$10.000 million upfront and the issuance of a Senior Secured Note for \$97.000 million to be repaid over 4 years. The agreement represents the best available outcome for the shareholders. The settlement offers the company greater certainty and will allow the group to move forward and focus on expanding production and reducing costs. The settlement was completed as announced on 6 September 2010.

Part of the hedge finalisation process included the company making an offer to convertible note holders for the redemption and partial conversion of the \$38.000 million (face value) in convertible notes on issue. All of the convertible note holders accepted the company's offer. The company redeemed \$23.800 million worth of convertible notes at the August 2011 redemption value, (which includes a 5% premium to the face value of the convertible notes), and the remaining convertible notes were converted into shares at 25 cents per share (which was a 22% premium to the market price at the time of conversion) resulting in the issue of 56.800 million shares.

Mr André Labuschagne was appointed as the Managing Director and Mr Robert Brainsbury as Chief Financial Officer ("CFO") of the group effective from 13 September 2010.

On 17 December 2010 the group announced the sale of its Sienna and Electra Coal projects to Boardwalk Sienna Pty Ltd (Boardwalk), a subsidiary of Boardwalk Resources Pty Ltd, for \$30.000 million. The conditions precedent, including indicative approval from the Minister for the sale of EPC1033 and consent from Lehman Brothers Commercial Corporation (Lehmans), have been received, resulting in the Sale and Purchase agreement being unconditional as announced on 15 February 2011. A \$0.500 million deposit has already been paid and Tranche 1 (\$14.500 million) is now payable by Boardwalk on 14 March 2011. Of the \$14.500 million to be received in Tranche 1, \$13.043 million will be immediately applied against the Senior Secured Note held by Lehmans. The half-year results do not take into consideration the impact of sale.

Rounding of amounts

The group has applied the relief available to it in Australian Securities and Investments Commission (ASIC) Class Order 98/100 and accordingly certain amounts in the financial report and the Directors' Report have been rounded off to the nearest \$1,000.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This report is made in accordance with a resolution of the directors.



André Labuschagne
Managing Director
21 February 2011

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DECLARATION OF INDEPENDENCE BY CHRISTOPHER J SKELTON TO THE DIRECTORS OF NORTON GOLD FIELDS LIMITED AND ITS CONTROLLED ENTITIES

As lead auditor for the review of Norton Gold Fields Limited and its controlled entities for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Norton Gold Fields Limited and its controlled entities during the period.

BDO Audit (QLD) Pty Ltd



Christopher J Skelton
Director

Brisbane, 21 February 2011

**Consolidated statement of comprehensive income
for the half-year ended 31 December 2010**

	Notes	Half-year 31 December 2010 \$'000	Half-year 31 December 2009 \$'000
Revenue		111,858	76,216
Cost of sales	3	(85,235)	(64,966)
Gross profit		26,623	11,250
Other income		3	87
Administrative expenses	4	(5,012)	(3,552)
Fair value adjustments – derivative financial instrument		-	(18,463)
Hedging loss		(5,309)	(5,309)
Profit / (loss) before net finance costs		16,305	(15,987)
Finance income		1,914	1,412
Finance expense		(5,650)	(2,495)
Profit / (loss) before tax		12,569	(17,070)
Income tax (expense) / benefit	5	(4,167)	4,190
Profit / (loss) for the half-year attributable to the owners of the parent entity		8,402	(12,880)
Other comprehensive income			
Reclassification adjustment for the deferred hedging loss included in profit and loss		5,309	5,309
Income tax on items of other comprehensive income		(1,593)	(1,593)
Other comprehensive income for the half-year, net of tax		3,716	3,716
Total comprehensive income / (loss) for the half-year attributable to owners of the parent entity		12,118	(9,164)
Earnings / (loss) per share		Cents	Cents
Basic earnings / (loss) per share		1.3	(2.9)
Diluted earnings / (loss) per share		1.3	(2.9)

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

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Consolidated statement of financial position
As at 31 December 2010

	Notes	31 December 2010 \$'000	30 June 2010 \$'000
Assets			
Current Assets			
Cash and cash equivalents		30,877	68,517
Trade and other receivables		14,853	15,737
Inventories		18,342	17,828
		<u>64,072</u>	<u>102,082</u>
Assets classified as held for sale	6	1,390	-
Total Current Assets		<u>65,462</u>	<u>102,082</u>
Non-current Assets			
Deferred tax assets		28,370	28,330
Exploration and evaluation assets		80,174	76,077
Capitalised mining costs		46,696	34,661
Property, plant and equipment		27,136	19,699
Other assets		18,770	18,770
		<u>201,146</u>	<u>177,537</u>
Total Non-current Assets		<u>201,146</u>	<u>177,537</u>
Total Assets		<u>266,608</u>	<u>279,619</u>
Liabilities			
Current Liabilities			
Trade and other payables		27,323	26,400
Provisions		1,545	1,655
		<u>28,868</u>	<u>28,055</u>
Total Current Liabilities		<u>28,868</u>	<u>28,055</u>
Non-current Liabilities			
Financial liabilities	7	98,265	37,092
Provisions		24,480	24,302
Deferred tax liabilities		11,063	5,264
Derivative financial instruments	7	-	107,000
		<u>133,808</u>	<u>173,658</u>
Total Non-current Liabilities		<u>133,808</u>	<u>173,658</u>
Total Liabilities		<u>162,676</u>	<u>201,713</u>
Net Assets		<u>103,932</u>	<u>77,906</u>
Equity			
Contributed equity	8	142,634	129,454
Reserves	9	(1,406)	(5,850)
Accumulated losses	10	(37,296)	(45,698)
		<u>103,932</u>	<u>77,906</u>
Total Equity		<u>103,932</u>	<u>77,906</u>

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

**Consolidated statement of changes in equity
for the half-year ended 31 December 2010**

	Contributed equity \$'000	Accumu- lated losses \$'000	Hedge reserve \$'000	Share- based payments reserve \$'000	Total equity \$'000
At 1 July 2009	70,994	(12,861)	(22,298)	9,287	45,122
Contributions of equity, net of transaction costs and deferred tax	37,035	-	-	-	37,035
Non-cash share based payments	-	-	-	788	788
Comprehensive income					
- Net loss after tax	-	(12,880)	-	-	(12,880)
- Allocation of hedge reserves	-	-	3,716	-	3,716
At 31 December 2009	108,029	(25,741)	(18,582)	10,075	73,781
Contributions of equity, net of transaction costs and deferred tax	21,425	-	-	-	21,425
Non-cash share based payments	-	-	-	(1,060)	(1,060)
Comprehensive income					
- Net loss after tax	-	(19,957)	-	-	(19,957)
- Allocation of hedge reserves	-	-	3,717	-	3,717
At 30 June 2010	129,454	(45,698)	(14,865)	9,015	77,906
Contributions of equity, net of transaction costs and deferred tax	1,256	-	-	-	1,256
Conversion of convertible notes	11,924	-	-	-	11,924
Non-cash share based payments	-	-	-	728	728
Comprehensive income					
- Net profit after tax	-	8,402	-	-	8,402
- Allocation of hedge reserves	-	-	3,716	-	3,716
At 31 December 2010	142,634	(37,296)	(11,149)	9,743	103,932

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**Consolidated statement of cash flows
for the half-year ended 31 December 2010**

	Half-year 31 December 2010 \$'000	Half-year 31 December 2009 \$'000
Cash flows from operating activities		
Receipts from customers	111,422	74,868
Payments to suppliers and employees	(81,212)	(66,340)
Interest received	2,264	1,364
Interest and other costs of finance paid	(1,169)	(2,160)
Net cash from operating activities	<u>31,305</u>	<u>7,732</u>
Cash flows from investing activities		
Payments for exploration and development	(26,988)	(24,264)
Payments for property, plant and equipment	(8,223)	(3,716)
Proceeds on disposal of property, plant and equipment	-	20
Payments for security deposits	-	(743)
Net cash used in investing activities	<u>(35,211)</u>	<u>(28,703)</u>
Cash flows from financing activities		
Proceeds from share issue	1,256	38,400
Repayment of borrowings	(34,990)	-
Net cash (used in) / from financing activities	<u>(33,734)</u>	<u>38,400</u>
Net (decrease) / increase in cash held	(37,640)	17,429
Cash at the beginning of the reporting period	<u>68,517</u>	<u>45,356</u>
Cash at the end of the reporting period	<u><u>30,877</u></u>	<u><u>62,785</u></u>

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Notes to the financial statements for the half-year ended 31 December 2010

Note 1. Basis of preparation of the half-year report

This financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The historical cost basis has been used, except for financial instruments which have been measured at fair value.

This interim financial report does not include all the disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Norton Gold Fields Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted are consistent with those of the most recent annual financial report and have been consistently applied by entities in the group.

Where required by Australian Accounting Standard AASB 134 *Interim Financial Reporting*, comparative figures have been adjusted to conform to changes in presentation for the current period.

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the group for the current or prior periods.

Note 2 Segment reporting

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed by the chief operating decision makers (the board of directors) in assessing performance and in determining the allocation of resources.

The group operates in the gold mining industry and derives virtually all revenue from the sale of gold. The operating segments identified by management are Paddington operations and Mount Morgan project.

Description of segments

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

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

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

**Notes to the financial statements (continued)
for the half-year ended 31 December 2010**

Note 2 Segment reporting (cont)

Accounting policies and inter-segment transactions

In reporting segments, the group has used the same accounting policies as those contained in Note 5 to the annual financial report for the year ended 30 June 2010.

Segment information

The following table presents information for reportable segments for the half-year ended 31 December 2010 and 31 December 2009:

	Paddington operations \$'000	Mount Morgan project \$'000	Total \$'000
Half-year ended 31 December 2010			
Total segment revenue	111,858	-	111,858
Intersegment revenue	-	-	-
Revenue from external customers	<u>111,858</u>	<u>-</u>	<u>111,858</u>
Segment EBITDA	36,403	(177)	36,226
Intersegment eliminations	-	-	-
Group allocated EBITDA	<u>36,403</u>	<u>(177)</u>	<u>36,226</u>
Half-year ended 31 December 2009			
Total segment revenue	76,216	-	76,216
Intersegment revenue	-	-	-
Revenue from external customers	<u>76,216</u>	<u>-</u>	<u>76,216</u>
Segment EBITDA	18,829	(236)	18,593
Intersegment eliminations	-	-	-
Group allocated EBITDA	<u>18,829</u>	<u>(236)</u>	<u>18,593</u>

The focus is on both the revenue and operating costs of the operations. Hence, the board monitors segment performance based on EBITDA (which excludes other comprehensive income).

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

	Half-year 31 December 2010 \$'000	Half-year 31 December 2009 \$'000
Group allocated EBITDA	36,226	18,593
Allocation of hedge reserve	(5,309)	(5,309)
Movement in fair value of financial derivatives	-	(18,463)
Depreciation and amortisation	(10,254)	(8,022)
Finance income	1,914	1,412
Finance expenses	(5,650)	(2,495)
Corporate office activities	(3,950)	(2,772)
Other	(408)	(14)
Profit / (loss) before income tax	<u>12,569</u>	<u>(17,070)</u>

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**Notes to the financial statements (continued)
for the half-year ended 31 December 2010**

Note 2 Segment reporting (cont)

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

	Paddington operations \$'000	Mount Morgan project \$'000	Total \$'000
Total segment assets			
Half-year ended 31 December 2010	196,083	12,433	208,516
Year ended 30 June 2010	169,029	12,440	181,469

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

	31 December 2010 \$'000	30 June 2010 \$'000
Group allocated assets	208,516	181,469
Unallocated:		
Trade and other receivables	536	936
Cash and cash equivalents	27,475	67,144
Deferred tax assets	28,327	28,288
Exploration and evaluation assets	2,042	2,042
Property, plant and equipment	98	126
Other	56	56
Consolidation eliminations:		
Intercompany receivables	(442)	(442)
Total assets	266,608	279,619

Information on additions to non-current assets associated with segments is provided on a regular basis to the board of directors.

	Paddington operations \$'000	Mount Morgan project \$'000	Total \$'000
Additions to non-current assets			
Half-year ended 31 December 2010	35,211	-	35,211
Year ended 30 June 2010	55,644	717	56,361

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

**Notes to the financial statements (continued)
for the half-year ended 31 December 2010**

Note 3 Cost of sales

	Half-year 31 December 2010 \$'000	Half-year 31 December 2009 \$'000
Mining expenses	35,104	33,853
Milling costs	16,839	13,646
Maintenance	9,252	8,887
Haulage	11,285	5,930
Royalties	2,791	1,933
Change in inventories	(265)	(7,283)
Depreciation and amortisation	10,229	8,000
	85,235	64,966

Note 4 Administrative expenses

Corporate expenses	3,239	2,501
Depreciation	25	22
Rental expense	65	67
Insurance	61	62
Directors fees	271	271
Professional and consulting fees	1,351	629
	5,012	3,552

Note 5 Income tax (expense) / benefit

Tax expense comprise:		
Current tax expense in respect of half-year	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	(4,167)	4,190
	(4,167)	4,190

Note 6 Assets classified as held for sale

As described in note 12 the group disposed of its Sienna and Electra Coal projects to Boardwalk Sienna Pty Ltd, a subsidiary of Boardwalk Resources Pty Ltd, and represents the sale of an asset only.

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**Notes to the financial statements (continued)
for the half-year ended 31 December 2010**

Note 7 Financial Liabilities

	Half-year 31 December 2010 \$'000	30 June 2010 \$'000
Convertible notes	-	37,092
Secured note facility	98,265	-
	<u>98,265</u>	<u>37,092</u>

The convertible note holders have accepted the company's offer as part of the hedge settlement to redeem \$23.800 million worth of convertible notes at the August 2011 redemption value, (which includes a 5% premium to the face value of the convertible notes), and the remaining convertible notes were converted into shares at 25 cents per share (at a 22% premium to the share price at the time of conversion), resulting in the issue of 56.800 million shares.

As part of the settlement of \$107.000 million gold hedge with Lehman Brothers Commercial Corporation (LBCC), the gold hedge with LBCC was cancelled in exchange for the secured note facility set out below.

The secured note is fair valued using the payment schedule below, assuming no prepayment.

Payment terms of secured note facility

The principal will be paid in four installments with \$5.000 million to be paid in February 2013 and August 2013 and the balance to be paid in two equal installments in February 2014 and August 2014. Interest will be paid half-yearly on all outstanding amounts at an annualised rate of 12%. Additional interest is payable in kind and will be compounded half-yearly on all outstanding amounts at an annualised interest of 4%.

Sensitivity analysis

The secured note facility is accounted for as a fixed interest bearing liability. As a fixed interest bearing liability the note will not be sensitive to interest rate changes.

Note 8 Contributed equity

	Half-year 31 December 2010 Shares	30 June 2010 Shares	Half-year 31 December 2010 \$'000	30 June 2010 \$'000
(a) Share Capital				
Fully paid ordinary shares	684,830,265	619,221,158	142,634	128,345
Convertible note equity component	-	-	-	1,109
	<u>684,830,265</u>	<u>619,221,158</u>	<u>142,634</u>	<u>129,454</u>

	Half-year 31 December 2010 Shares	31 December 2009 Shares	Half-year 31 December 2010 \$'000	31 December 2009 \$'000
(b) Movements in ordinary share capital				
Opening balance 1 July	619,221,158	420,566,344	128,345	69,885
Issues of ordinary shares during the half-year				
Conversion of convertible notes	56,800,000	-	11,924	-
Conversion of convertible notes - equity component	-	-	1,109	-
Shares issued	-	118,137,728	-	38,461
Shares issued to employees under share ownership plan	1,330,000	-	-	-
Options exercised	7,479,107	725,000	1,256	145
Share issue cost (net of deferred tax)	-	-	-	(1,571)
Closing balance	<u>684,830,265</u>	<u>539,429,072</u>	<u>142,634</u>	<u>106,920</u>

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**Notes to the financial statements (continued)
for the half-year ended 31 December 2010**

Note 9 Reserves

	Half-year	
	31 December 2010 \$'000	31 December 2009 \$'000
Share option reserve		
Opening balance 1 July	9,015	9,287
Share and option expense	728	788
Closing balance	9,743	10,075
Hedge reserve		
Opening balance 1 July	(14,865)	(22,298)
Allocation of reserve recognised in profit/(loss)	5,309	5,309
Deferred tax	(1,593)	(1,593)
Closing balance	(11,149)	(18,582)
Total reserves	(1,406)	(8,507)

Note 10 Accumulated losses

	Half-year	
	31 December 2010 \$'000	31 December 2009 \$'000
Opening balance 1 July	(45,698)	(12,861)
Profit/(loss) for the period	8,402	(12,880)
Closing balance	(37,296)	(25,741)

Note 11 Contingencies

The group had no contingent liabilities at 31 December 2010.

Note 12 Events occurring after the balance sheet date

Except for the matters noted below, no other matters or circumstances have arisen since 31 December 2010 that have significantly affected, or may significantly affect, the Group's operations in future financial years, the results of those operations or the state of affairs in future financial years.

On 17 December 2010 the group announced the sale of its Sienna and Electra Coal projects to Boardwalk Sienna Pty Ltd (Boardwalk), a subsidiary of Boardwalk Resources Pty Ltd, for the total consideration of \$30.000 million. The conditions precedent, including indicative approval from the Minister for the sale of EPC1033 and consent from Lehman Brothers Commercial Corporation (Lehmans), have been received, resulting in the Sale and Purchase agreement being unconditional as announced on 15 February 2011. A \$0.500 million deposit has already been paid and Tranche 1 (\$14.500 million) is now payable by Boardwalk on 14 March 2011. Of the \$14.500 million to be received in Tranche 1, \$13.043 million will be immediately applied against the Senior Secured Note held by Lehmans.

Note 11 Rounding of amounts

The group satisfies the requirements of Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the financial report to the nearest thousand dollars. Amounts have been rounded off in accordance with that Class Order.

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Directors' declaration

The directors of the company declare that:

- (a) The financial statements and notes set out on pages 4 to 13 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of the performance for the half-year ended on that date of the consolidated entity.
- (b) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



André Labuschagne
Managing Director

Brisbane
21 February 2011

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Norton Gold Fields Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Norton Gold Fields Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising of the consolidated entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Norton Gold Fields Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time this auditor's review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Norton Gold Fields Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Audit (QLD) Pty Ltd

BDO

C J Skelton

Director

Brisbane

21 February 2011