



NORTHERN STAR
RESOURCES LIMITED

QUARTERLY REPORT

PERIOD ENDED 30 JUNE 2010

Key Points

- ▶ Acquisition of high-grade Paulsens Gold Mine scheduled for completion today
- ▶ Paulsens generating financial benefit for NST from 1 June 2010
- ▶ June gold processing recovered 6,623 ounces
 - 21,611 t @ 9.8 g/t with 97% recovery
- ▶ June underground mine production of 4,761 ounces
 - 18,976 t @ 7.8 g/t (includes 7,749t of low grade @ 1.9g/t)
- ▶ Surface stockpiles at 30 June contain 10,175 ounces
- ▶ Mine meeting forecasts made at time of acquisition
- ▶ Review of Stage 1 mine plan adds 8,000 oz
- ▶ Infill drilling improves confidence of Stage 1 mine plan

ASX ANNOUNCEMENT
30 JULY 2010

Australian Securities Exchange
Code: NST

Board of Directors

Mr Chris Rowe
Non-Executive Chairman

Mr Bill Beament
Managing Director

Mr Michael Fotios
Non-Executive Director

Mr Peter Farris
Non-Executive Director

Ms Karen Brown
Company Secretary

Issued Capital

Shares
205.9 M

Options 102M (\$6.0M Funding)

- 33.1M @ 2.5c, \$0.8M
- 33.3M @ 5.0c, \$1.7M
- 35.8M @ 10 c, \$3.6M

Current Share Price
\$0.058

Market Capitalisation
\$11.9 million

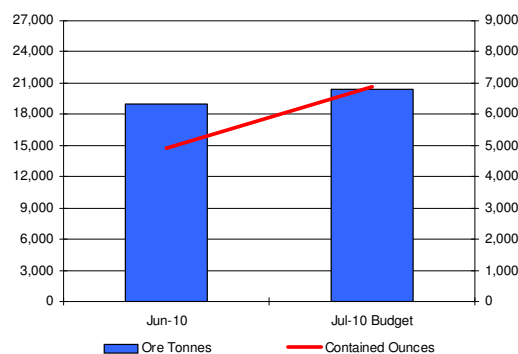
Projects

Paulsens
Golden Crown
Range
Emull

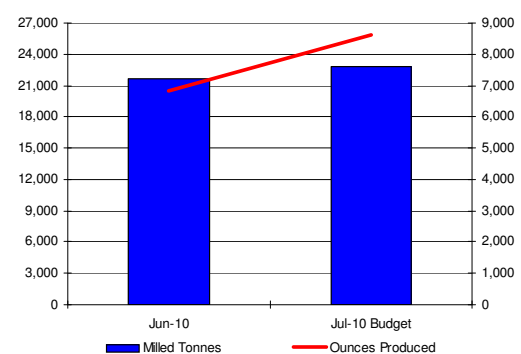
Commodities

gold
gold
gold, silver
Zn, Cu, gold

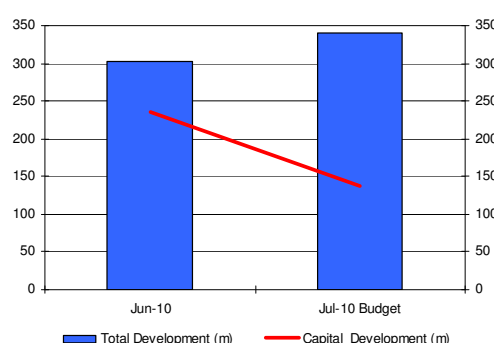
Operations - Underground



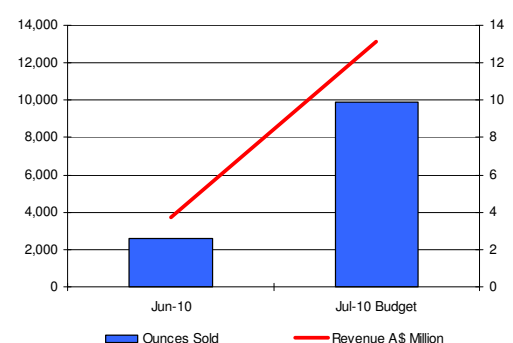
Operations - Processing



Operations - Development



Gold Sales & Revenue



Paulsens June 2010 - Key Performance Figures

Paulsens	Units	June-10	July-10 Budget
Ore hoisted	Tonnes	11,227	20,376
Mined grade	g/t Au	11.9	10.5
Gold in ore hoisted	Oz	4,288	6,878
Low grade hoisted	Tonnes	7,749	
Grade	g/t Au	1.9	
Gold in low grade	Oz	473	
Total ore hoisted	Tonnes	18,976	20,376
Mined Grade	g/t Au	7.8	10.5
Gold in ore hoisted	Oz	4,761	6,878
Ore Milled	Tonnes	21,611	22,861
Head grade	g/t Au	9.8	11.7
Contained gold	Oz	6,809	8,629
Recovery	%	97.0	95.0
Gold produced	Oz	6,623	8,198
Gold sold	Oz	2,611	9,845
Average gold price	A\$/oz	1,432	
Ore high grade stockpile	Tonnes	25,898	23,413
Stockpile grade	g/t Au	10.2	9.0
Contained gold in stockpile	Oz	8,499	6,749
Ore low grade stockpile	Tonnes	24,240	24,240
Stockpile grade	g/t Au	2.2	2.2
Contained gold in low grade stockpile	Oz	1,676	1,676
Total Stockpiles contained gold	Oz	10,175	8,424

Quarterly Summary

During the quarter Northern Star Resources Ltd (ASX: NST – “NST”) reached agreement to purchase the Paulsens Gold Mine in Western Australia’s Pilbara region from Intrepid Mines Limited (IAU), providing an immediate entry to the Australian gold business. Under the terms of the agreement NST receives has the net financial benefit of the surplus cash generated from Paulsens from 1 June 2010.

The Paulsens underground gold mine commenced production in 2005 and has operated for the past five years at an average cash cost of A\$538/oz. Total mine production to date is 1.53Mt @ 7.6g/t for 373,000 ounces with the mine consistently producing 70-80,000 ounces per annum. Paulsens was established on a nameplate capacity of 240,000 tonnes per annum, however it has for five years consistently operated at 340,000 tonnes per annum.

The Project contains a fully operational mine with a decline developed to 500 metres below surface, a 340,000 tonne per annum processing facility that has achieved 95% gold recoveries throughout 2009 and a modern camp/office facility which has a combined replacement value of \$25-\$30 million. As at 1 June the Voyager 1 lode had an Indicated and Inferred Mineral Resource estimate of 314,000 tonnes @ 12.8g/t for 128,700 ounces (4g/t cut-off grade, refer to table) of gold and a stage 1 mine plan targeting 55,000 ounces of production from 1 June 2010 to January 2011.

The initial consideration agreed to by IAU of \$27 million was subsequently renegotiated to \$40 million due to a revision of the mine plan which added an extra \$19 million to the Project's forecast cash surplus. NST anticipates the Stage 1 mine plan will generate surplus cash of \$44 million at A\$1,400/oz gold price. NST is the sole financial beneficiary of this surplus cash from June 1 2010.

Under the terms of the revised agreement NST will pay \$40 million structured as follows:

- (a) \$250,000 paid as a non-refundable deposit;
- (b) \$14,750,000 upon completion of the transaction;
- (c) a royalty of \$335 per ounce of gold sold from 1 June 2010, subject to a maximum of 51,000 ounces;
- (d) a cash payment of \$3 million, payable in two equal instalments, upon completion of the transaction and on 31 October 2010;
- (e) a top-up payment of \$2.5 million contingent upon gold production totalling 57,500 ounces;
- (f) a top-up payment of \$2.5 million contingent upon gold production totalling 62,500 ounces;
- (g) Intrepid also has an option to purchase the Paulsens plant for \$1 in the event that gold production of 62,500 ounces is not achieved or the top-up cash payments are not made.

To fund the acquisition and Stage 2 mine development, NST is undertaking a debt and equity package of up to \$19 million. NST has accepted a credit-approved offer of finance from RMB Resources Limited. The \$15 million finance facility will be provided through an acquisition and hedge facility for \$10 million and a working capital facility for \$5 million to support Stage 2.

To fund working capital and costs associated with the acquisition, NST is undertaking an equity raising of up to \$4 million. The equity raising will be via a placement of up to 35 million shares issued at five cents to raise \$1.75 million, a \$2,000 Shareholder Purchase Plan (SPP) issued at \$0.05 to raise \$1.5 million and by existing shareholders exercising their \$0.025 and \$0.05 options early to raise up to \$750,000.

During the month of June the mine conformed extremely well compared to the acquisition cashflow model. Capital development has now been completed for the Stage 1 mine plan with the decline currently at the 699 level (500m below surface). It is predicted that by the end of July 50% of Stage 1 gold production would have been mined and on the surface, either poured and sold, waiting to be sold or ready to be processed.

Gold sales for June were 2,611 oz at an average of A\$1,432/oz. Gold in circuit stocks increased to 3,125 oz from May's figure of 1,154 oz. Gold in transit (GIT) at the end of the month was 2,041 oz with no opening GIT.

The mill in June processed 21,611 tonnes @ 9.83 g/t with 97% recovery for 6,623 recovered ounces. Gold produced was 4,653 ounces.

Total development was above forecast at 302 metres for the month with excellent advance in both the decline and ore headings. Ore development continued strongly during June with the 720 level and a total of 4,797 tonnes @ 10.42 g/t of development ore hauled to surface.

Total mine tonnage was 18,976 @ 7.8 g/t for 4,761 ounces. This comprises high grade ore of 11,277 @ 11.9 g/t Au and low grade ore of 7,749 t @ 1.9 g/t.

As of the end of June the surface stockpiles contained 50,138 t @ 6.3 g/t for 10,175 oz. This comprises high grade of 25,898 t @ 10.21 g/t for 8,499 oz and low grade of 24,240 t @ 2.15 g/t for 1,676 oz.

The Paulsens life of mine (LOM) schedule was updated on the 1 June 2010. The tonnes from ore development increased from an original estimate of 35,806t @ 8.11g/t (9,335oz) to 40,977t @ 8.61g/t (11,347oz). Stope Tonnes increased from 98,311t @ 10.28g/t (32,484oz) to 109,496t @ 11.02g/t (38,794oz).

Drilling and development results continue to report good grades from the high grade hinge zone. These results have improved the confidence level of the Stage 1 mine plan, with it continuing to look very robust to the 705 level.

Resource extension drilling below the Stage 1 mine plan is underway and NST intends to accelerate this program after the sale completion.

Indicated Resources			Inferred Resources			Totals		
Tonnes kt	Grade Au g/t	Total Au koz	Tonnes kt	Grade Au g/t	Total Au koz	Tonnes kt	Grade Au g/t	Total Au koz
204	13.7	89.7	110	11.0	39	314	12.8	128.7

Paulsens Voyager Resources @ 4.0g/t Au Lower Cut-Off

Mining

Total ore tonnage mined was 11,227t @ 11.9 g/t for 4,288 oz (physicals shown below). This total ore mined figure does not include 7,749 t @ 1.9 g/t Au for 473 oz of low grade that was also mined during development.

	Tonnes	Grade	% Tonnes	Ounces
Development Ore	4,797	10.42	43%	1,607
Longhole Stopes	5,587	13.84	50%	2,484
Jumbo Stopes	0	0	0%	0
Airleg Stopes	843	7.28	7%	197
Total Stopes	6,430	12.98	57%	1398
TOTAL Mined	11,227	11.88	100%	4,288

	Actual	Budget
Capital Decline	142.7	113
Capital Level	93.2	94
Operating Waste	22.2	58
Operating Ore	44.1	24
TOTAL	302.2	289

The Paulsens life of mine (LOM) schedule was updated on the 1st June 2010 to reflect changes in mine design and actual mined physicals for April and May 2010. The schedule is only for Stage 1 of the Paulsens orebody (Voyager 1 down to 705RL). No considerations for extension to Stage 2 (Voyager 1 from 705RL to 650RL) or Stage 3 (Voyager 2) were included.

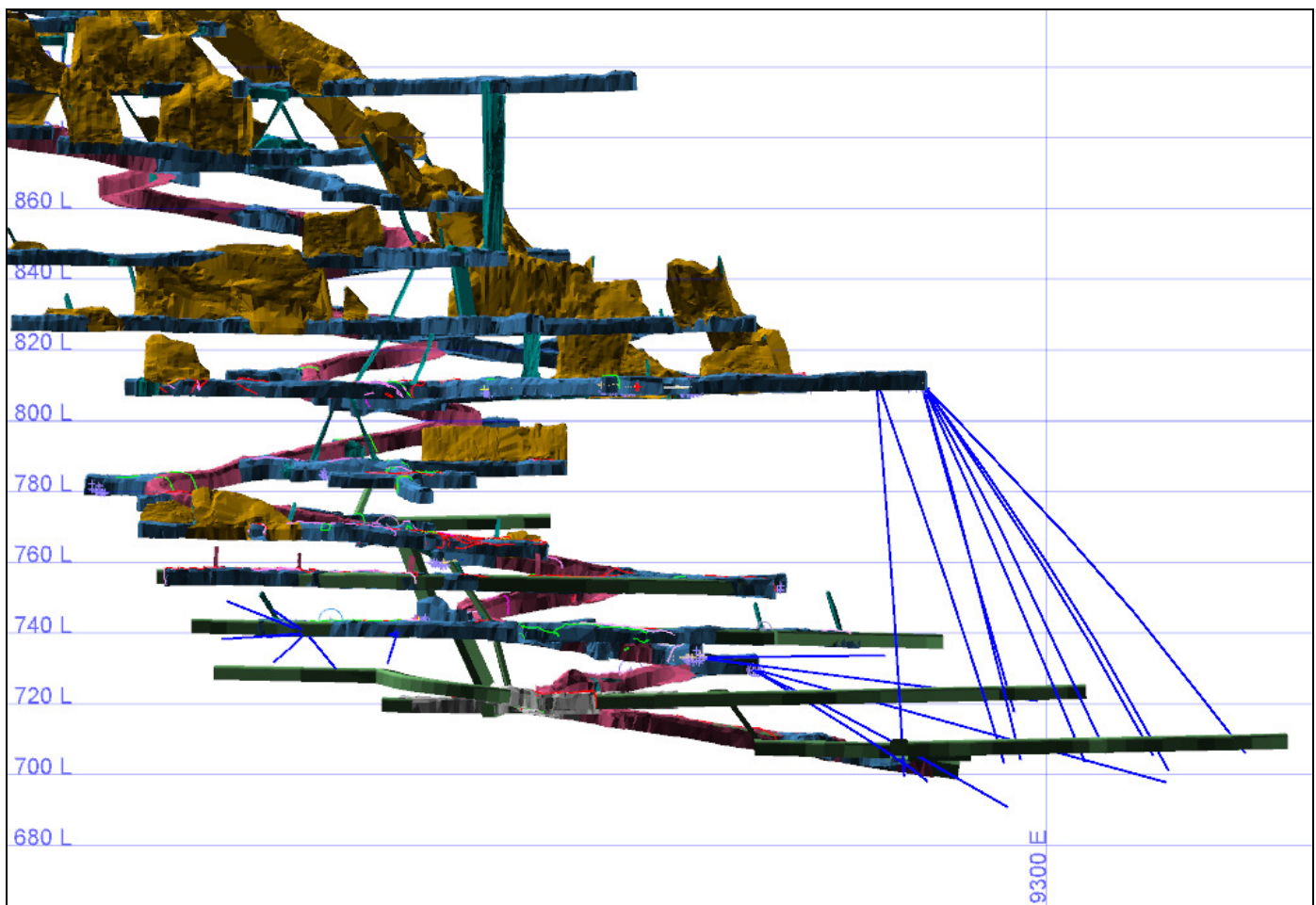
Tonnes from ore development increased from an original estimate of 35,806t @ 8.11g/t (9,335oz) to 40,977t @ 8.61g/t (11,347oz). Stope tonnes increased from 98,311t @ 10.28g/t (32,484oz) to 109,496t @ 11.02g/t (38,794oz). These increases in ounces are due to higher than expected grades in both development and grade control drilling.

No airleg ore is included in the revised schedule. NST will undertake a review on a number of areas that have the potential to be re-evaluated for additional ounces via this mining method.

Mine Geology

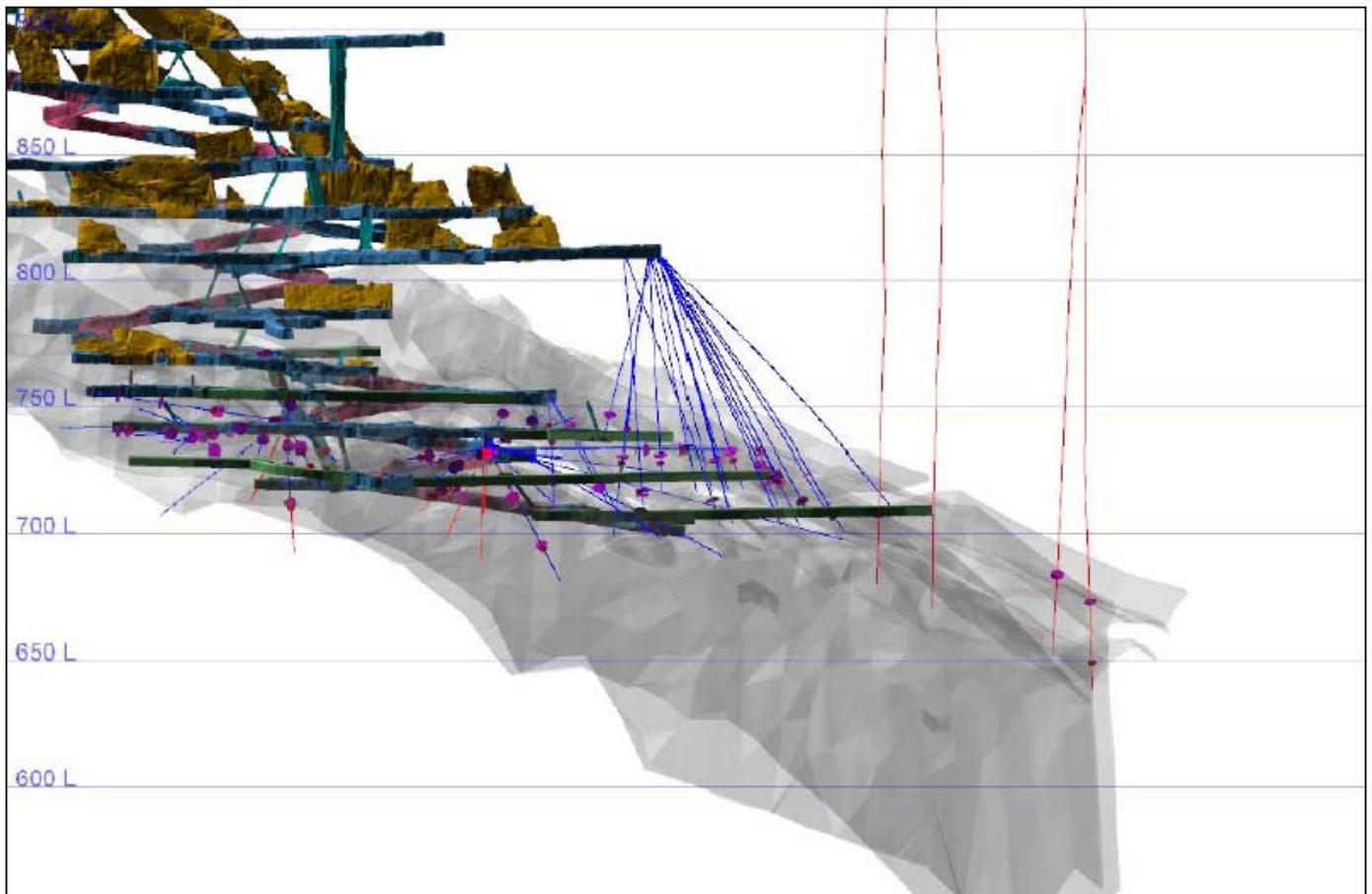
Ore development commenced on the 720 level in June, with excellent grades in the 100 side and good grade in the 200 side. Both are on narrow but high grade Lower Zone. The first production level for the stage 1 mine plan was the 766_200, an Upper Zone (UZ) stope which produced good grade and tonnes but is now finished. This performance indicates the potential for the 750 level stopes to also grade well as indicated by the block model.

During the month of June 23 diamond drill holes were completed, for a total of 1,733m. This comprised of grade control drilling from the 803 drill drive, 737 level, and the 728 stockpile. The programs were targeting Offset Voyager UZ, flat dipping Voyager UZ around the 705 level, steep dipping ore between the 740 and 705 levels. The diagram below is an Oblique view looking east, showing the completed holes for the month.



The grade from both development and stoping of the Voyager orebody confirmed the high grade nature of the mineralisation (within the rollover corridor) and had a positive impact on upgrading the onsite resource model.

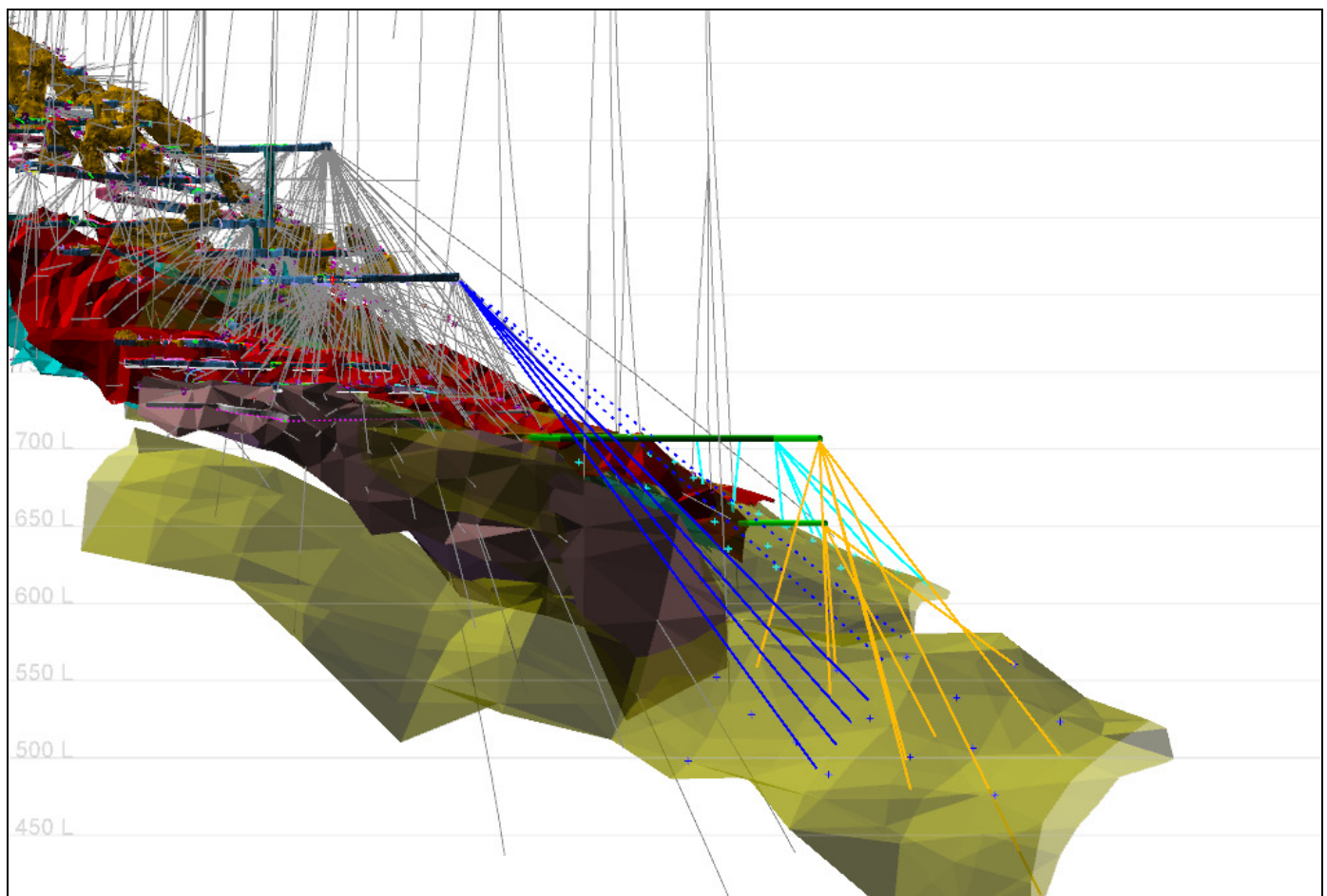
During the June quarter Intrepid undertook a campaign of 4 deep surface wedge holes to determine the down dip extension of the Paulsens mineralisation. All 4 wedge holes hit the target mineralisation as can be seen in the figure below. The best intersection achieved was 2.5m @ 25.8 g/t confirming the down plunge extent of the high grade hinge. Further, detailed underground drilling from the proposed 705 drill drive is required to better estimate the grade.



July's drilling will predominantly be resource drilling, from the 803 north drill drive, 803 west drill drive and the 728 stockpile testing down plunge of the hinge position around the 685 level. This zone is currently in an inferred classification in the H&S model, but potentially minable in the site model.

Resource modelling discussions with Hellman and Schofield on a revised upper Paulsens model and Voyager 1 model are underway. To further the mine life, a dedicated drill drive on the 705 level (bottom of the mine) has been designed so that Stage 2 grade control and resource drilling can be effectively achieved. This drive will commence construction in August.

To start testing the Voyager 2 mineralisation, NST has planned and designed a program of 4 to 6, 450m deep holes from the 803 level (refer to diagram below) and will be in a position to drill these in the September quarter. This will give a good indication of the Voyager 2 morphology and subsequent required infill drilling.



Oblique view with the drill drive and possible holes. Dark blues lines are the initial testing of Voyager 2 from the 803

Processing

The mill in June processed 21,611 dry tonnes @ 9.83 g/t with a 97% recovery for 6,623 recovered ounces. The feed grade and gold recovery were higher than budget. Eleven bars were shipped during the month and doré sent off site totalled 5,242 oz at an average purity of 89 % for 4,653 fine ounces.

The tailings storage facility embankment was raised in June to expand capacity to accommodate the Stage 1 mine plan.

Yours faithfully,



Bill Beament
Managing Director
Northern Star Resources Ltd

Competent Persons Statements

The information in this announcement that relates to exploration results, data quality, geological interpretations and potential for eventual economic extraction, is based on information compiled by or under the supervision of Brook Ekers, (Member AIG), who is a full-time employee of Intrepid Mines Limited. Mr. Ekers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Ekers consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates mineral resource estimation for Paulsens is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Hellman & Schofield were not required to review the quality of the sampling data, or geological interpretation as Intrepid are accepting responsibility for these aspects of the estimates. Mr Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

Some of the information contained in this Announcement has been obtained from third parties and has not been independently verified by NST. In particular the financial projections model on which the forward looking statements included in this Announcement has not been prepared by the Company and the Company has not undertaken any verification of the model. The Company takes no responsibility and is not liable for the projections in any way. Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward looking statements included in this announcement, undue reliance should not be placed on these statements. Nothing contained in this Announcement is a promise or representation as to the future. No assurance or representation is made by any person that any forecast or projection will be achieved. Accordingly, investors must make their own investigations and inquiries regarding all assumptions, uncertainties and contingencies, which may affect the future operations of the Company."