



## INFORMATION MEMORANDUM

including

NOTICE OF ANNUAL GENERAL MEETING,

EXPLANATORY STATEMENT

AND

PROXY FORM

FOR A GENERAL MEETING OF THE COMPANY TO BE HELD  
AT LEVEL 1, 24 MUMFORD PLACE, BALCATTWA  
ON MONDAY, 30 NOVEMBER 2009 AT 1.00PM

***THIS DOCUMENT IS IMPORTANT***

*If you do not understand this document or are in any doubt as to how to deal with this document, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.*

FOR THOSE SHAREHOLDERS WHO HAVE ELECTED TO RECEIVE A PRINTED COPY OF THE ANNUAL REPORT, THE 2009 ANNUAL REPORT ACCOMPANIES THIS NOTICE. THE REPORT IS ALSO AVAILABLE ON THE COMPANY'S WEBSITE:

**[www.nsr ltd.com/reports/annual](http://www.nsr ltd.com/reports/annual)**



## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Shareholders will be held at Level 1, 24 Mumford Place, Balcatta WA on Monday, 30 November 2009 at 1.00pm for the purpose of transacting the following business:-

### ORDINARY BUSINESS

#### Financial Report

To receive the Financial Report for the year ended 30 June 2009.

#### Directors

- 1) To consider and if thought fit to pass the following resolution as an ordinary resolution:-  
To elect Mr PCP Farris, who was appointed since the last Annual General Meeting, retires in accordance with the Constitution and, being eligible, offers himself for re-election.

#### Remuneration Report

- 2) To consider and if thought fit to pass the following resolution as an ordinary resolution:-  
To receive and adopt the remuneration report for the financial year ended 30 June 2009.  
*(The vote on this resolution is advisory only and does not bind the Directors or the Company.)*

### SPECIAL BUSINESS

#### Approval of Employee Share Option Plan No. 2

- 3) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That, pursuant to and in accordance with Exception 9(b) in ASX Listing Rule 7.2, and for all other purposes, the Shareholders approve the issue of Options under Employee Share Option Plan No. 2 as detailed in the Explanatory Statement which accompanies and forms part of the Notice."

#### Issue of Options

- 4) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That, for the purposes of Listing Rule 10.11 and for all other purposes, shareholders approve the issue of 750,000 Options to Mr Peter CP Farris as consideration for executive management services which he has provided to the Company in the previous 6 month period, on the terms set out in the Explanatory Statement."

#### Ratify issue of Options

- 5) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the issue of 750,000 Options to Jason Boladeras for the purpose and on the terms set out in the Explanatory Statement."

## Voting Exclusion

For the purposes of:

- Resolution 3, under ASX Listing Rule 7.2 Exception 9(b), the Company will disregard any votes cast on this Resolution by any Directors and their associates, on the basis that they are all eligible to participate in any employee incentive scheme of the Company;
- Resolution 4, under ASX Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by a person who is to receive securities in relation to the Company and any of their associates;
- Resolution 5, under ASX Listing Rule 7.5.6, the Company will disregard any votes cast on this resolution by any person who participated in the issue and any of their associates,

but the Company however need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Dated this 28th day of October 2009  
By order of the Board of Directors

Karen E V Brown  
**Company Secretary**



## EXPLANATORY STATEMENT

### Introduction

This Explanatory Statement has been prepared for the information of Shareholders of the Company in connection with business to be conducted at the Annual General Meeting to be held on 30 November 2009 at 1.00pm.

### Financial Statements and Reports

The Financial Report for the year ending 30 June 2009 will be laid before the meeting. The Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about the Financial Report. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the auditor's report and audit conduct. Written questions may be submitted 5 business days prior to the Meeting addressed to the Chairman and sent to the Company's registered office, about the management of the Company, or addressed to the Company's auditor and sent to the Company's registered office about audit conduct, accounting policies used by the Company and auditor independence. General questions about the management of the Company will also be taken.

### Resolution 1 –Appointment of Director

The Company's Constitution requires that any Director appointed by the Board to fill a casual vacancy must retire at the next Annual General Meeting, but the Director remains eligible for re-election at that Annual General Meeting. Accordingly, Mr PCP Farris who was appointed a Director by the Board on 22 April 2009 is proposed for election as a Director.

Mr Farris is a well respected and highly credentialed businessman in the Perth real estate industry and corporate advisory services. He has managed and developed major real estate companies with turnovers in excess of \$200 million and has extensive experience in company management. Mr Farris has held no board positions with other listed companies during the last three years.

The Directors other than Mr Farris support the appointment of Mr Farris to the Board.

### Resolution 2- Remuneration Report

The Remuneration Report of the Company for the financial year ending 30 June 2009 is set out in the Director's Report on pages 10 to 14 of the Company's Annual Report, setting out remuneration in relation to the Company's executive and non-executive Directors, and senior management.

The vote on this resolution is advisory only and does not bind the Directors or the Company.

The Meeting presents an opportunity to discuss the Remuneration Report for shareholders who are interested in doing so.

### Resolution 3 - Approval of Employee Share Option Plan No. 2

The Company proposes to adopt a new Employee Share Option Plan No.2 pursuant to which the Board may make offers of Options to eligible employees and consultants of the Company in order to provide an incentive to deliver growth and value for the benefit of all Shareholders. If approved, this will replace the Company's existing Employee Share Option Plan, with immediate effect, and will govern all offers, acceptances and issues of Options made under the Plan following the date of the Meeting. It will not affect Options which have been issued prior to the date of the Meeting, which will remain governed by the Employee Share Option Plan adopted by the Company in 2006.

Shareholder approval is sought for the offer and subsequent issue of Options for the purposes of Exception 9(b) of ASX Listing Rule 7.2. If approval is given, Options issued under the Plan will be exempt from counting towards the 15% of the issued capital of the Company which may be issued in any 12 month period without requiring Shareholder approval in advance under ASX Listing Rule 7.1. Shareholder approval will therefore allow the Company to retain maximum flexibility in relation to use of that 15% capacity.

As at the date of this Notice, no Options have been issued to any party under Employee Share Option Plan No.2.

The Plan differs from the current Employee Share Option Plan in three respects. It extends to consultants of the Company. It allows the Board to make offers of options with an exercise date of up to five (5) years from the date of issue, rather than a fixed term of five (5) years from the date of issue, and, the Board is no longer restricted in setting an option exercise price equal to or higher than the market price of the Company's shares.

The Plan still satisfies certain ASIC class order conditions, relieving the Company from the obligation to issue a prospectus for the offer of Options to participants other than consultants under the Plan. Offers of Options under the Plan which are made to consultants will constitute excluded offers under section 708(12) of the Corporations Act which exempts the Company from the obligation to issue a prospectus.

### **Summary of Key Terms of ESOP**

All employees (full and part-time) and consultants will be eligible to participate in the ESOP after a qualifying period of 12 months' employment by a member of the Group, although the Board may waive this requirement.

If permitted by the Board, Options may be issued to an employee's nominee (for example a spouse or family company).

Each Option entitles the holder to subscribe for one fully paid ordinary share in the Company and will expire up to five (5) years from (and including) its date of issue. The Board will determine the expiry date applicable to each offer of Options within this five year limit.

Options will be issued free.

The exercise price of Options will be determined by the Board at the time it resolves to offer the Options.

Subject to certain exceptions, the total number of Shares on issue as a result of exercise of Options issued under the ESOP must not exceed 5% of the Company's issued share capital.

If, prior to the expiry date of Options, a person ceases to be an employee of the Group for any reason other than retirement, permanent disability, redundancy or death, the Options held by that person (or that person's nominee) must be exercised within one (1) month thereafter otherwise they will automatically lapse. If a person dies, the Options held by that person will be exercisable by that person's legal personal representative.

Options cannot be transferred other than to the legal personal representative of a deceased Option holder.

The Company will not apply for official quotation of any Options issued pursuant to the ESOP.

Shares issued as a result of the exercise of Options will rank equally with the Company's Shares currently on issue, and application for official quotation of those Shares will be made by the Company within the timeframe required by ASX.

Option holders may only participate in new issues of securities by first exercising their Options

If there is a bonus share issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

If there is a pro rata issue (other than a bonus issue) to the holders of Shares, the exercise price of an Option will be reduced to take account of the effect of the pro rata issues as per the calculated formula.

If there is a reorganisation of the issued capital of the Company, unexercised Options will be reorganised in accordance with the ASX Listing Rules.

The Board may amend the ESOP rules subject to the requirements of the Listing Rules.

### **Conclusion and recommendation**

Your directors believe that the proposal to approve the Northern Star Resources Ltd Employee Share Option Plan No. 2 is in the best interests of the Company and unanimously recommend shareholders vote in favour of Resolution 3.

## **Resolution 4 – Issue of Options**

Mr Peter CP Farris is a non executive Director of the Company. In addition to his non executive role, in the past 6 month period Mr Farris has provided executive management services to the Company for no consideration involving a considerable amount of time and effort. In recognition of this the Board, excluding Mr Farris, wishes to pay remuneration to Mr Farris by the issue of a total 750,000 Options which the Board regards as reasonable remuneration for the time and services provided by Mr Farris to the Company in this executive capacity.

The Board without Mr Farris participating in discussions, formed the view that the proposed issue of Options constitutes reasonable remuneration to Mr Farris for the services and the commitment which he has given to the Company over the past 6 month period. Consequently it is not necessary for the Shareholders to approve the issue of Options in accordance with Chapter 2E of the Corporations Act because the issue of Options falls within the reasonable remuneration exception to the provision of a financial benefit between the Company and a related party of the Company, namely Mr Farris.

The only necessary shareholder approval required is therefore under Listing Rule 10.11 as an issue of securities to a related party, namely Farris Corporation Pty Ltd an entity which is controlled by and associated with Mr Farris.

Resolution 4 is necessary in order to comply with Listing Rule 7.1. Listing Rule 7.1 provides generally that a company may not issue securities equal to more than 15% of the company's issued share capital in any 12 months without obtaining shareholder approval. Options issued with approval given under Listing Rule 10.11, where related parties are the recipients of Company securities, do not also require approval under Listing Rule 7.1 Resolution 6 seeks this approval.

The Options proposed to be offered to Mr Farris comprise 250,000 Options exercisable at a price of \$0.0575 on or before two years from the date of issue, 250,000 Options exercisable at a price of \$0.0575 on or before three years from the date of issue with a vesting condition of one year from the date of issue, and 250,000 Options exercisable at a price of \$0.0575 on or before four years from the date of issue with a vesting condition of two years from the date of issue. The other terms of the Options proposed to be issued are set out in Annexure A to this Explanatory Statement.

The Options will be granted for nil consideration, within one month of the date of the Meeting. If the Options are exercised, funds raised will be used for working capital purposes in relation to the Company's projects.

## **Resolution 5 – Ratify Issue of Options to Jason Boladeras**

On 20 October 2009 the Company issued a total of 750,000 Options to exploration manager Jason Boladeras. Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period. Listing Rule 7.4 states that an issue by the Company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it. Under Resolution 5, the Company seeks Shareholder ratification of the issue of 750,000 Options to exploration manager Jason Boladeras, in order to limit the restriction imposed by Listing Rule 7.1 on any further issues of securities by the Company in the next 12 month period after the Meeting.

The Options issued to Mr Boladeras for nil consideration comprised 250,000 Options exercisable at a price of \$0.0575 on or before two years from the date of issue, 250,000 Options exercisable at a price of \$0.0575 on or before three years from the date of issue with a vesting condition of one year from the date of issue, and 250,000 Options exercisable at a price of \$0.0575 on or before four years from the date of issue with a vesting condition of two years from the date of issue. The other terms of the Options are set out in Annexure A to this Explanatory Statement. If the Options are exercised, funds raised will be used for working capital purposes in relation to the Company's projects.

The Directors recommend that Shareholders vote in favour of Resolution 5 in order to allow the Company maximum flexibility for the issue of securities in the next 12 month period.

# Annexure A

## Terms of Options

### Exercise Date

The Options are exercisable wholly or in part, subject to any vesting conditions specified, at any time before 5.00 pm WST on the expiry date specified in the offer confirmed in writing by the Board. Options not exercised by that date shall lapse.

### Exercise Price

Each option shall entitle the option holder to acquire one fully paid ordinary Share upon payment of the exercise price specified in the offer confirmed in writing by the Board.

### Transfer of Options

The Options are non-transferable.

### Notice of Exercise

Each option may be exercised by notice in writing to the Company at any time after they have vested and before their date of expiry. Any notice of exercise of an option received by the Company with payment in full of the exercise price will be deemed to be a notice of the exercise of that option as at the date of receipt.

### Quotation of Options and Shares on Exercise

Application will not be made to ASX for official quotation of the Options. Application will be made for official quotation of the Shares issued upon exercise of Options.

### Participation Rights or Entitlements

There are no participating rights or entitlements inherent in the Options and option holders will not be entitled to participate in new issues of securities offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced so as to give option holders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.

### Shares Allotted on Exercise

Shares allotted pursuant to the exercise of Options will be allotted following receipt of all the relevant documents and payments and will rank equally with the issued Shares.

### Reconstruction of Share Capital

In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder shall be reconstructed in accordance with the Listing Rules.

### Bonus Issues

If, from time to time, before the expiry of the Options the Company makes a pro-rata issue of Shares to shareholders for no consideration, the number of Shares over which an option is exercisable will be increased by the number of Shares which the option holder would have received if the option had been exercised before the date for calculating entitlements to the pro-rata issue.