



NORTHERN STAR  
RESOURCES LIMITED

## June Quarter production jumps 43% to 19,000oz, cash costs fall 29% to \$646/oz

*Production set to rise sharply in CY 2013 on plant expansion, higher grades*

### Key Points

- ▶ **Highly successful June Quarter at Paulsens Gold Mine delivers 43% increase in gold production and 29% reduction in cash costs:**
  - 21,865oz mined, 18,955oz recovered and 18,114oz poured
  - 12,644oz sold at \$1,596/oz for \$20.2M revenue (6,345oz held over because of a dip in gold price at end of Quarter)
  - Cash cost \$646/oz (includes royalties)
- ▶ **On track to hit CY2012 production guidance of 75-80,000oz, with numerous quarterly records achieved for mine physicals:**
  - 107,970 tonnes mined, 20% above previous record
  - 1,438 metres of development, 30% above
  - 21,493 diamond drill metres, 10% above
  - 88,926 tonnes processed, 3% above
- ▶ **Mining physicals hit annualised 450,000t rate ahead of schedule, with the mine now producing more than the mill can process:**
  - 240% increase in stockpiles from March Quarter to 4,368oz
- ▶ **Paulsens expansion to 100,000oz pa on track and on budget for the end of CY 2012, based solely on plant expansion.**
- ▶ **Increase to 100,000oz pa does not take into account any increase in life to date grade for Voyager 1 of 8gpt:**
  - Foundations laid for further substantial increase in cashflow with recent results from Voyager 1 extension zone pointing to significant increase in head grade for CY2013
- ▶ **\$1M in savings for the Quarter due to efficiency of own Mining Services Division compared to previous Contractor's rates, with a yearly productivity improvement of 43% in ore tonnes mined**
- ▶ **Substantially de-risked the Paulsens asset:**
  - Newly installed mobile fleet is delivering significant productivity improvements and substantial maintenance cost savings
  - Capital development now 125m below current production level, 2 years ahead of production: 120,000t of ore production developed
  - Deep surface drilling results, along with a host of outstanding underground results, point to +5 year mine life
- ▶ **Cash/Bullion on hand of \$75M (after \$20M in abnormal items):**
  - \$6.5M – 15% Venturex acquisition
  - \$6.0M – Exploration
  - \$4.0M – 100,000oz pa one-off expansion capital
  - \$3.5M – Company tax paid for FY2011

### ASX ANNOUNCEMENT 16 JULY 2012

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

Mr Peter O'Connor  
Non-Executive Director

Ms Karen Brown  
Company Secretary

#### Issued Capital

Shares  
409 M

Options 27.7M

Current Share Price  
\$0.77

Market Capitalisation  
\$315 million

Cash/Bullion in Bank: 30 Jun 2012  
\$75 million

#### Projects

Paulsens  
Ashburton  
Range  
Emull

#### Commodities

gold  
gold  
gold, silver  
Zn, Cu, gold

#### Investments

Venturex (15%)

#### Commodities

Cu, Zn, Ag & Au



Northern Star Resources (ASX: **NST**) is pleased to announce that it is on track to achieve both its calendar year 2012 (CY2012) production guidance of 75-80,000oz and to grow annualised production to 100,000oz pa by the end of the year after delivering a 43% jump in gold production for the June Quarter.

The outstanding Quarterly performance – which saw 21,865oz mined with a corresponding 29% drop in cash operating costs to \$646/oz – puts Northern Star on a strong growth trajectory of rising production and grades, growing margins and improving operating performance as it continues to de-risk its flagship Paulsens Gold Mine in WA.

As a result of these achievements, Northern Star is now well on track to grow production from 80,000oz to 100,000ozpa by the end of 2012. This can be seen by the number of record mine physicals achieved during the June Quarter. The mine is producing at an annualised rate of 450,000 tonnes – more than the mill can process, as reflected in the 240% jump in stockpiles from the March Quarter.

Northern Star has invested a large amount of capital over the past 12 months to substantially de-risk the Company as a one-mine operation at this stage. A new mobile fleet has been installed in the mine, resulting in significant productivity improvements and maintenance cost savings. Capital development is now 125 metres vertically below the current production level, which is two years in front of production.

It has now been 12 months since Northern Star established its Mining Services Division a wholly owned subsidiary, which has resulted in a 43% productivity improvement in tonnes mined for the full year. This Division is now starting to show significant cost savings as demonstrated in the June Quarter, where a \$1 million was saved compared to previous Contractor's rates.

During the Quarter, the mine achieved the significant milestone of recovering 500,000 ounces from a single deposit at Paulsens Gold Mine. The mine has consistently delivered for the past 7 years since it was commissioned.

Gold sales for the June Quarter were 12,644 ounces at \$1,596/oz, generating revenue of \$20.2 million. 6,345 ounces were held over for sale in the early part of the July Quarter once the gold price had recovered from a sharp drop seen in the last week of the June Quarter.

Cash and bullion on hand at 30 June 2012 was \$75 million (compared with \$84.1 million for the March Quarter), reflecting \$20 million of expenditure on abnormal (one-off) items during the Quarter.

These included \$6.5 million for the Company's strategic investment to acquire a 15 per cent stake in Venturix Resources (ASX: VXR), \$6.0 million in Exploration (this was the major spend Quarter for the Company's previously announced \$20 million exploration program for CY2012 outlined late last year), \$4.0 million for the one-off expansion of Paulsens to 100,000ozpa by the end of 2012, and \$3.5 million in corporate tax paid for FY2011.

"This is a terrific Quarterly result which puts us on track to achieve our previously announced guidance for CY2012 of 75-80,000oz," said Northern Star's Managing Director, Bill Beament. "Production has rebounded sharply from the March Quarter, which was lower due to an emphasis on mine development and exploration and some temporary operational issues.

"The Paulsens Gold Mine is now well and truly on song in all operational areas, reflecting the significant investment over the past 12 months to de-risk the Company as a single-mine operation until we bring our planned second operation at Ashburton on stream. The newly installed mobile fleet is delivering major productivity improvements and savings and capital development is now two years ahead of the current production level."

"Cash costs have fallen back to the levels seen during most of last year and margins are rising," Mr Beament added. "The mine is now producing more than the mill can process, creating a strong platform for the planned plant expansion.

"We are well down the track towards preparing the mine to expand production to an annualised level of 100,000oz pa by the end of this year, with the upgrade of the plant expected to be completed by the end of 2012."

Production is set to rise to 100,000oz pa from early CY 2013 based solely on this plant expansion. The increased annualised production level does not take into account any increase in the life to date Voyager 1 grade of 8gpt.

Northern Star has recently foreshadowed an increase in Voyager 1 grade next year following fresh drilling results of up to 472gpt from the extension zone in the Voyager 1 lode. These in-fill and extensional drilling results have provided more firm evidence that grades in the Voyager 1 lode at Paulsens will increase in 2013.

Northern Star expects mining to intersect this extension zone in the December Quarter 2012, meaning the sharply higher-grade ore will boost the project's cash margins substantially.

"With rising production, rising grades, growing margins and improving productivity, Paulsens is set for a great 2012 and an even better 2013," Mr Beament said. "The recent drilling results from the Voyager 1 extension zone should deliver additional significant upside, and we'll be saying more about this in the coming month."

Yours faithfully,



Bill Beament  
Managing Director  
Northern Star Resources Ltd

**Paulsens 2012 - Key Performance Figures**

<b>Paulsens</b>	<b>Units</b>	<b>Mar Qtr</b>	<b>Jun Qtr</b>	<b>% Difference</b>	
Ore hoisted	Tonnes	64,132	85,996	34%	▲
Mined grade	g/t Au	6.4	7.5	18%	▲
Gold in ore hoisted	Oz	13,100	20,755	58%	▲
Low grade hoisted	Tonnes	19,130	21,974	15%	▲
Grade	g/t Au	1.2	1.6	29%	▲
Gold in low grade	Oz	750	1,111	48%	▲
<b>Total ore hoisted</b>	<b>Tonnes</b>	<b>83,262</b>	<b>107,970</b>	<b>30%</b>	▲
<b>Mined Grade</b>	<b>g/t Au</b>	<b>5.2</b>	<b>6.3</b>	<b>22%</b>	▲
<b>Gold in ore hoisted</b>	<b>Oz</b>	<b>13,855</b>	<b>21,865</b>	<b>58%</b>	▲
<b>Milled Tonnes</b>	<b>Tonnes</b>	<b>77,769</b>	<b>88,926</b>	<b>14%</b>	▲
<b>Head grade</b>	<b>g/t Au</b>	<b>5.6</b>	<b>7.0</b>	<b>26%</b>	▲
Ounces Produced	Oz	13,991	20,156	44%	▲
Recovery	%	93.8	94.0	0.2%	▲
<b>Gold Recovered</b>	<b>Oz</b>	<b>13,127</b>	<b>18,955</b>	<b>43%</b>	▲
Ounces Poured	Oz	13,240	18,114	37%	▲
Ounces Sold	Oz	14,817	12,644	-15%	▼
Average gold price	A\$/oz	1,602	1,596	-0.4%	▼
<b>Revenue</b>	<b>A\$M</b>	<b>23.7</b>	<b>20.2</b>	<b>-15%</b>	▼
<b>Cash Cost</b>	<b>A\$/oz</b>	<b>904</b>	<b>646</b>	<b>-29%</b>	▲
Ore high grade stockpile	Tonnes	5,260	6,674	27%	▲
Stockpile grade	g/t Au	4.3	7.5	76%	▲
Contained gold in stockpile	Oz	721	1,605	123%	▲
Ore low grade stockpile	Tonnes	3,356	20,400	508%	▲
Stockpile grade	g/t Au	1.0	1.4	42%	▲
Gold in low grade stockpile	Oz	108	931	763%	▲
Total Stockpiles contained gold	Oz	829	2,536	206%	▲
Gold in circuit (GIC)	Oz	979	1,832	87%	▲
Gold in transit (GIT)	Oz	875	6,345	625%	▲

Table 1: Paulsens production statistics

## **Competent Persons Statements**

*The information in this announcement that relates to Paulsens and Mt Olympus mineral resource estimation, exploration results, data quality, geological interpretations, potential for eventual economic extraction and estimates of exploration potential, is based on information compiled by or under the supervision of Brook Ekers, (Member AIG), who is a full-time employee of Northern Star Resources Ltd. 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".*

## **Forward Looking Statements**

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