



NORTHERN STAR
RESOURCES LIMITED

Production Update

Production up, costs down, expansion to 100,000ozpa complete

Northern Star set to generate \$65m-\$85m surplus cash this year

Highlights

- ▶ **Highly successful December Quarter at Paulsens Gold Mine delivers increased production and lower cash costs:**
 - 26,940oz mined and 20,515oz recovered
 - 19,728oz sold at \$1,665/oz for \$32.9M revenue
 - Cash cost \$604/oz (includes royalties), total cost \$909/oz
 - Mining grade up 16%, processing grade up 12% to 7.7gpt
- ▶ **Strong December Half with 40% jump in key performance indicators from June Half:**
 - 50,252oz mined and 39,230oz recovered
 - 43,267oz sold at \$1,619/oz for \$70.0M revenue
 - Cash cost \$640/oz (includes royalties), total cost \$899/oz
 - Mining grade up 6%, processing grade up 15% to 7.3gpt
- ▶ **Paulsens expansion to +100,000ozpa successfully completed on budget, with mill now running at 450,000tpa**
- ▶ **Numerous half-yearly records achieved for mine physicals:**
 - 254,774 tonnes mined, 33% above previous record
 - 3,231 metres of development, 33% above previous record
 - 179,825 tonnes processed, 5% above previous record
- ▶ **Mining physicals hit 500,000tpa rate ahead of schedule:**
 - 325% increase in stockpiles from June Half to 102,022 tonnes of ore containing 10,777oz
- ▶ **\$1.9M in savings for the Quarter due to efficiency of Northern Star's own Mining Services Division compared to previous contractor's rates, with an overall year on year productivity improvement of 78% in ore tonnes mined**
- ▶ **Invested \$11M in exploration and abnormal items in Dec Qtr:**
 - \$4.0M – Exploration
 - \$7.0M – 100,000oz pa one-off expansion capital
- ▶ **Cash, Bullion and Investments of \$62M**

**ASX ANNOUNCEMENT
14 JANUARY 2013**

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 O'Connor
Non-Executive Director

Mr John Fitzgerald
Non-Executive Director

Ms Karen Brown
Company Secretary

Issued Capital

Shares
424 M

Options 4.25M

Current Share Price
\$1.18

Market Capitalisation
\$500 million

Cash/Bullion and Investments:
31 Dec 12 - \$62 million

Projects

Paulsens
Ashburton
Range
Emull

Commodities

gold
gold
gold, silver
Zn, Cu, gold

Investments

Venturex (15%) Cu, Zn, Ag & gold

Commodities

Northern Star Resources (ASX: NST) is pleased to announce that it has enjoyed an outstanding December Quarter in which production increased, costs fell and an upgrade in production capacity to more than 100,000ozpa was completed.

A series of performance records at the Company's Paulsens Gold Mine in WA resulted in Northern Star recovering 20,515oz in the three months at a cash cost of \$604/oz and total cost of \$909/oz.

The strong results came despite the Paulsens mill being closed for 9 days to enable the plant upgrade to be completed. The increase in processing capacity means Northern Star is set to produce more than 100,000oz at Paulsens in calendar 2013.

This increased production, combined with higher head grades and lower costs, means the Company is on track to generate up to \$85 million in surplus cash from operations for 2013.

Ore stocks at the end of the Quarter totalled 102,022 tonnes containing 10,777oz of gold, an increase of more than 85 per cent from the previous Quarter. Gold in circuit and transit was 4,283 ounces.

Gold sales for the December Quarter were 19,728 ounces at \$1,665/oz, generating revenue of \$32.9 million.

This strong December Quarter followed the excellent results achieved in the September Quarter to generate improvements of up to 40 per cent in key mine performance indicators in the December Half compared with the June Half year.

A number of record mine physicals were achieved during the December Half. The mine is now producing at an annualised rate of more than 500,000 ore tonnes, as reflected in the 325 per cent jump in stockpiles from the June Half.

It has been 18 months since Northern Star established its own Mining Services Division, which has resulted in a 78 per cent productivity improvement in ore tonnes mined on a yearly basis. This Division is generating significant cost savings, as demonstrated in the December Half, when \$3.6 million was saved compared with the previous contractor's rates.

Cash, bullion and investments as at 31 December 2012 was \$62 million (compared with \$67 million for the September Quarter), after \$11 million of expenditure on regional exploration and abnormal (one-off) items during the Quarter.

This comprised \$4.0 million in Exploration (as part of the Company's previously announced \$20 million exploration program) and \$7.0 million for the one-off expansion of Paulsens.

"The results for the December Quarter highlight the extent to which Paulsens has become a cash generator," Northern Star Managing Director Bill Beament said. "The fact that we can increase production and cut costs despite shutting down the plant for the upgrade highlights how well this mine is performing.

"But more importantly for investors, these results show that Northern Star is now set to generate outstanding returns in 2013 which will be characterised by a rise in production to more than 100,000oz, even lower costs and increased cash generation.

"At the same time, we will continue our aggressive exploration campaign in and around Paulsens to grow resources and mine life."

Yours faithfully,



Bill Beament
Managing Director
Northern Star Resources

Paulsens 2012 - Key Performance Figures (Half Yearly)

Paulsens	Units	June Half	Dec Half	% Difference	
Ore hoisted	Tonnes	150,127	223,856	49%	▲
Mined grade	g/t Au	7.0	6.8	-3%	▼
Gold in ore hoisted	Oz	33,854	49,053	45%	▲
Low grade hoisted	Tonnes	41,104	30,918	-25%	▼
Grade	g/t Au	1.4	1.2	-14%	▼
Gold in low grade	Oz	1,860	1,200	-36%	▼
Total ore hoisted	Tonnes	191,231	254,774	33%	▲
Mined Grade	g/t Au	5.8	6.1	6%	▲
Gold in ore hoisted	Oz	35,720	50,252	41%	▲
Milled Tonnes	Tonnes	166,695	179,825	8%	▲
Head grade	g/t Au	6.4	7.3	15%	▲
Ounces Produced	Oz	34,147	42,382	24%	▲
Recovery	%	93.9	92.9	-1%	▼
Gold Recovered	Oz	32,082	39,230	22%	▲
Ounces Poured	Oz	31,354	39,726	27%	▲
Ounces Sold	Oz	27,461	43,267	58%	▲
Average gold price	A\$/oz	1,599	1,619	1%	▲
Revenue	A\$M	44.0	70.0	59%	▲
Cash Cost (inclusive royalties)	A\$/oz	750	640	-15%	▼
Total Cost	A\$/oz	1,090	899	-18%	▼
Ore high grade stockpile	Tonnes	6,674	51,318	669%	▲
Stockpile grade	g/t Au	7.5	5.0	-33%	▼
Contained gold in stockpile	Oz	1,605	8,299	417%	▲
Ore low grade stockpile	Tonnes	20,400	50,704	149%	▲
Stockpile grade	g/t Au	1.4	1.5	7%	▲
Gold in low grade stockpile	Oz	931	2,478	166%	▲
Total Stockpiles contained gold	Oz	2,536	10,777	325%	▲
Gold in circuit (GIC)	Oz	1,832	1,483	-19%	▼
Gold in transit (GIT)	Oz	6,345	2,800	-56%	▼

Table 1: Paulsens production statistics

Paulsens 2012 - Key Performance Figures (Quarterly)

Paulsens	Units	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
Ore hoisted	Tonnes	64,132	85,996	107,805	116,051
Mined grade	g/t Au	6.4	7.5	6.5	7.1
Gold in ore hoisted	Oz	13,100	20,755	22,634	26,418
Low grade hoisted	Tonnes	19,130	21,974	19,724	11,194
Grade	g/t Au	1.2	1.6	1.1	1.5
Gold in low grade	Oz	750	1,111	678	522
Total ore hoisted	Tonnes	83,262	107,970	127,529	127,245
Mined Grade	g/t Au	5.2	6.3	5.7	6.6
Gold in ore hoisted	Oz	13,855	21,865	23,312	26,940
Milled Tonnes	Tonnes	77,769	88,926	90,581	89,244
Head grade	g/t Au	5.6	7.0	7.0	7.7
Ounces Produced	Oz	13,991	20,156	20,151	22,231
Recovery	%	93.8	94.0	92.9	92.3
Gold Recovered	Oz	13,127	18,955	18,715	20,515
Ounces Poured	Oz	13,240	18,114	19,006	20,720
Ounces Sold	Oz	14,817	12,644	23,539	19,728
Average gold price	A\$/oz	1,602	1,596	1,580	1,665
Revenue	A\$M	23.7	20.2	37.2	32.9
Cash Cost (inclusive royalties)	A\$/oz	904	646	679	604
Total Cost	A\$/oz	1,250	980	890	909
Ore high grade stockpile	Tonnes	5,260	6,674	24,512	51,318
Stockpile grade	g/t Au	4.3	7.5	5.2	5.0
Contained gold in stockpile	Oz	721	1,605	4,114	8,299
Ore low grade stockpile	Tonnes	3,356	20,400	39,510	50,704
Stockpile grade	g/t Au	1.0	1.4	1.4	1.5
Gold in low grade stockpile	Oz	108	931	1,715	2,478
Total Stockpiles contained gold	Oz	829	2,536	5,829	10,777
Gold in circuit (GIC)	Oz	979	1,832	1,741	1,483
Gold in transit (GIT)	Oz	875	6,345	1,812	2,800

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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