



**NORTHERN STAR**  
RESOURCES LIMITED

**ASX ANNOUNCEMENT**  
**23 JANUARY 2014**

**Australian Securities**  
**Exchange Code: NST**

**Board of Directors**

Mr Chris Rowe  
*Non-Executive Chairman*

Mr Bill Beament  
*Managing Director*

Mr Peter O'Connor  
*Non-Executive Director*

Mr John Fitzgerald  
*Non-Executive Director*

Ms Liza Carpena  
*Company Secretary*

**Issued Capital**

Shares 428M

Options 5M

Current Share Price \$0.99

Market Capitalisation  
\$424 million

Cash/Bullion and Investments  
31 Dec 13 - \$54.3 million

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**Pivotal transaction creates fifth-biggest**  
**ASX gold miner - with true global**  
**investment appeal**

**NORTHERN STAR TO BE**  
**+350,000 OZPA PRODUCER**  
**WITH \$75M ACQUISITION OF**  
**EAST KUNDANA PROJECT**

**KEY POINTS**

- ▶ Northern Star agrees to buy Barrick's 51% in the East Kundana JV ("EKJV") and 100% of the Kanowna Belle mine in WA for \$75m (equal to \$44 per resource ounce<sup>1</sup>)
- ▶ Transaction will lift Northern Star's production to +350,000ozpa in 2014<sup>2</sup>, making it the fifth-largest ASX-listed gold miner
- ▶ Northern Star's total reserves will rise 134% to 1.1Moz<sup>3</sup> and resources by 43% to 5.6Moz<sup>4</sup>; average targeted all-in sustaining costs will be less than \$1,050/oz (EKJV: \$800-\$950/oz)
- ▶ Transaction will be funded by a combination of cash reserves, a new debt facility and a fully underwritten \$100m equity raising
- ▶ EKJV includes the outstanding new high-grade Pegasus discovery, where initial resources stand at 355,000oz at 10gpt, with potential to grow this substantially
- ▶ Strong exploration potential elsewhere along the East Kundana belt, which has a mineral endowment of 5Moz
- ▶ EKJV acquisition has numerous parallels with Northern Star's purchase of the Paulsens and Plutonic gold mines, including strong production and cashflow today and outstanding exploration potential on which to increase mine life
- ▶ Several Northern Star executives, including the MD and COO, have historic experience at the EKJV and Kanowna Belle mines and have bolstered the senior management team to cater for acquisition
- ▶ Transaction comes less than a month after Northern Star announced production would double to ~200,000ozpa on the back of the \$25m acquisition of the Plutonic mine from Barrick
- ▶ This transaction will see Northern Star emerge with the asset base, production profile, operational diversity, economies of scale and growth potential to attract major global investors
- ▶ EKJV meets Northern Star's overriding objective of generating superior financial returns from high-grade, low cost gold mines in Australia

Northern Star Resources Limited (ASX: **NST**) is pleased to advise that it has agreed to acquire 51 per cent of the East Kundana Joint Venture in WA from Barrick Gold Corporation ("**Barrick**") for \$75 million as part of a transaction which will make it the fifth-largest ASX-listed gold miner, with annual production of more than 350,000oz.

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The acquisition also includes 100 per cent of the Kanowna Belle Gold Mine (“**Kanowna Belle**”), which will increase Northern Star’s total reserves by 134 per cent to 1.1Moz<sup>3</sup> and its resource base by 43 per cent to 5.6Moz<sup>4</sup>.

The EKJV, which is located 20km west of Kalgoorlie, comprises the operating Raleigh and Rubicon-Hornet mines as well as the new high grade Pegasus deposit. It is forecast to produce 70,000-75,000oz this financial year at an all-in sustaining cost of \$800-\$950/oz.

Raleigh and Rubicon-Hornet have an attributable resource of 414,000oz at 7gpt and reserves of 237,000oz at 11gpt. In addition, Pegasus has an attributable resource of 181,000oz at 10gpt with potential to grow this substantially.

Pegasus, which is currently the subject of a feasibility study, can be accessed underground from the Rubicon mine and therefore brought into production quickly and for a relatively low capital cost. Development of Pegasus would also generate significant operational savings at Raleigh and Hornet.

Kanowna Belle, which is located 18km north-east of Kalgoorlie, is an underground mine with resources of 1.1Moz<sup>3</sup> at 4gpt and reserves of 383,000oz<sup>4</sup> at 4gpt. The project includes a 1.8Mtpa plant capable of processing both refractory and free-milling ore.

Production from Barrick’s 51 per cent interest in the EKJV and 100 per cent interest in Kanowna Belle for calendar year 2013 totalled ~225,000oz<sup>5</sup> at an all-in sustaining cost of ~\$1,025/oz<sup>5</sup>. This is expected to fall to ~175,000oz in calendar year 2014 as production is reduced at Kanowna Belle.

Several Northern Star executives, including Managing Director Bill Beament and Chief Operating Officer Stuart Tonkin, have historic experience and knowledge of the EKJV and Kanowna Belle mines. The Company has recently bolstered its senior management capability to cater for both the Plutonic and this acquisition.

Mr Beament said the Company has now been promoted to the premier league of ASX-listed gold producers on every measure.

“The East Kundana JV acquisition makes Northern Star a major Australian gold miner that will appeal very strongly to major global investors,” Mr Beament said.

“The transaction ensures that Northern Star meets the demands of domestic and international investors with respect to critical mass, multiple operations, low costs, consistent dividends and strong growth prospects.”

Mr Beament said Pegasus was one of the most outstanding and highest grade gold discoveries in Australia in the past 10 years. “The high grades at Pegasus and its close proximity to existing mine infrastructure mean production costs will be among the lowest in the Australian gold industry,” he said.

“There is also huge potential to grow the Pegasus resource to 1Moz and beyond, ensuring it is an essential long term asset of Northern Star’s business.”

Mr Beament said the acquisition was also consistent with Northern Star’s key principle of maximising financial returns. “We are driven by Shareholder returns, not by merely adding ounces and tonnes to our balance sheet and we see this transaction as highly accretive in terms of Shareholder value,” he said.

Mr Beament said that on behalf of the Northern Star Board, he wishes to thank Barrick and its staff for their cooperation and assistance on both the Plutonic and EKJV and Kanowna Belle transactions.

## Funding

The \$75 million cash consideration will be funded through a combination of:

- existing cash reserves, which are expected to stand at ~\$15 million following the forthcoming completion of the Plutonic acquisition, in early February 2014;
- a new \$50 million debt facility; and
- a proposed equity capital raising via a two-tranche fully underwritten private placement to institutional investors (“**Placement**”) of approximately \$100 million and a non-underwritten Share Purchase Plan (“**SPP**”) of up to \$15 million.

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- Tranche one of the Placement is within the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1
- Tranche two of the Placement is subject to Shareholder approval

## Debt Funding

Northern Star has entered into a \$50 million revolving loan facility with Investec Bank Group ("Investec") on competitive terms. The facility is entirely available for general corporate purposes, including funding the EKJV and Kanowna Belle acquisition. Investec has also provided a risk management facility, available for gold and foreign exchange hedging purposes, entirely at the discretion of Northern Star.

The revolving loan facility provides financial flexibility for Northern Star. Although it has been Northern Star's policy to be an unhedged gold producer, the risk management facility provides the means to hedge a portion of the annual production.

As part of this transaction, Northern Star will assess implementing a small hedge over the next 12 months of production to reduce the risk associated with gold price volatility, whilst the Company has debt exposure.

## Equity Funding

Northern Star will today launch the Placement to raise approximately \$100 million. The Placement is fully underwritten by RBC Capital Markets. The Placement price will be \$0.860, which represents a discount of:

- 13.1% to the last closing share price of \$0.990 per share (as at 22 January 2014); and
- 11.6% to the 5 day volume-weighted average price ("VWAP") of \$0.973 per share.

It is expected that the Company's trading halt will be lifted upon announcement of the completion of the Placement, which is expected to occur on Friday, 24 January, 2014. Important information regarding the Placement and the offer restrictions applicable to the Placement are outlined in the accompanying presentation.

It is the intention of all Northern Star Directors to participate in the second tranche of the Placement, subject to Shareholder approval.

Northern Star is also pleased to offer eligible, existing Shareholders of the Company at the record date (being 7.00pm (Sydney time) on 22 January 2014) the opportunity to participate in a capped SPP and subscribe for up to \$15,000 in new, fully paid ordinary shares in the Company at a price equal to the Placement price. The SPP will be capped at \$15 million and will not be underwritten. Northern Star reserves the right to scale back applications on a pro-rata basis, if the total value of applications received is greater than \$15 million. Further details about the SPP will be contained in the SPP offer booklet which will be sent to eligible Shareholders shortly.

## Sources and Use of Funds

The proceeds raised from the Placement and SPP will go towards meeting the acquisition consideration and associated transaction costs and taxes as well as for general working capital purposes. The table below illustrates the expected sources and uses of the Placement.

Funding Sources		Funding Uses	
Cash on Hand (Post Plutonic Acquisition) <sup>(i)</sup>	~A\$15M	Acquisition Consideration	A\$75M
Investec Acquisition Debt Facility	A\$50M	Transaction Costs & Taxes <sup>(ii)</sup>	~A\$12M
Proposed Equity Raising	~A\$100M	Minimum Cash Balance Required <sup>(iii)</sup>	~A\$20M
		Working Capital	~A\$58M
<b>Total Sources</b>	<b>~A\$165M</b>	<b>Total Uses</b>	<b>~A\$165M</b>

- Assumed cash balance as at 1 February 2014 post payment of A\$25M cash for Plutonic and working capital movements post 31 December 2013
- Transaction costs and taxes (including stamp duty costs and advisory, capital raising and debt facility fees) for both the Plutonic and EKJV and Kanowna Belle acquisitions
- Northern Star is required to maintain a minimum cash balance of ~A\$20M with respect to the Facility and EKJV operating cash accounts

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## Timetable and Next Steps

Completion of the Placement is expected to be announced on the ASX on Friday, 24 January 2014, with the Tranche 1 Placement expected to settle on Thursday, 30 January 2014. The Tranche 2 placement will settle on or around Wednesday, 12 March 2014, following Shareholder approval, which is expected to be sought at a General Meeting on or around Monday, 10 March 2014.

Completion of the acquisition is subject to customary closing conditions with the acquisition expected to settle in early March 2014.

Upon completion of the transaction, Northern Star's priorities at the EKJV and Kanowna Belle will be:

- Maximise operational cashflow to recover the acquisition price and strengthen the balance sheet
- Increase productivity levels and mining physicals as demonstrated at Paulsens
- Rationalise and standardise fleet, personnel and assets across the Company
- Bring the Pegasus deposit into production
- Reduce total site cost per ounce; review all supply contracts and leverage off the combined Company buying power
- Convert more resources into reserves and grow the resource base through drilling to extend mine life.

## Advisers

RBC Capital Markets is acting as sole book runner and underwriter with respect to the Placement. RBC Capital Markets is acting as financial adviser and Ashurst is acting as legal adviser with respect to the acquisition and the Placement.

Yours faithfully



**BILL BEAMENT**  
**Managing Director**  
**Northern Star Resources Limited**

- (1) Inclusive of the additional resource defined at the Pegasus deposit in December 2013 of 181koz (attributable).
- (2) Annualised production forecast based on Northern Star guidance including existing guidance for Paulsens and transaction guidance for Plutonic, EKJV and Kanowna Belle.
- (3) Consolidated proforma Reserve based on tables 1, 2, 3 and 4 on the following pages
- (4) Consolidated proforma Resource based on tables 1, 2, 3 and 4 on the following pages
- (5) Subject to Finalisation

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GOLD MINERAL RESOURCES <sup>1</sup>													
As at 30 June 2013													
Based on attributable ounces	MEASURED (M)			INDICATED (I)			INFERRED (Inf)			TOTAL (M&Inf)			Cut Off Grade
	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	
<b>PAULSENS GOLD PROJECT</b>													
<b>Surface</b>													
Paulsens	-	-	-	573	2.5	47	169	3	14	742	2.5	61	1.0 gpt Au
Belvedere	-	-	-	168	3.6	19	99	5	16	267	4.2	35	1.0 gpt Au
Merlin	-	-	-	-	-	-	523	1	24	523	1.4	24	1.0 gpt Au
Mt Clement (20%)	-	-	-	-	-	-	226	2	13	226	1.8	13	0.5 gpt Au
<b>Underground</b>													
Upper Paulsens	63	9.7	20	98	13.1	41	119	8	31	280	10.2	92	2.5 gpt Au
Voyager UG	517	12.1	201	173	11.9	66	61	13	26	751	12.2	293	2.5 gpt Au
Stockpiles	118	2.6	10	-	-	-	-	-	-	118	2.6	10	1.0 gpt Au
Gold in Circuit/Transit	-	-	4	-	-	-	-	-	-	-	-	4	-
<b>Subtotal Paulsens</b>	<b>698</b>	<b>10.5</b>	<b>235</b>	<b>1,012</b>	<b>5.3</b>	<b>173</b>	<b>1,197</b>	<b>3.2</b>	<b>124</b>	<b>2,907</b>	<b>5.6</b>	<b>532</b>	
<b>ASHBURTON GOLD PROJECT</b>													
<b>Surface</b>													
Mt Olympus	-	-	-	6,038	2.3	448	9,138	2.2	632	15,176	2.2	1,080	0.7 gpt Au
Peake	-	-	-	113	5.2	19	3,544	3.3	380	3,657	3.3	399	0.9 gpt Au
Waugh	-	-	-	347	3.6	40	240	3.6	28	587	3.6	68	0.9 gpt Au
Zeus	-	-	-	508	2.1	34	532	2.2	38	1,040	2.2	72	0.9 gpt Au
Electric Dingo	-	-	-	98	1.6	5	444	1.2	17	542	1.3	22	0.9 gpt Au
Romulus	-	-	-	-	-	-	329	2.6	27	329	2.6	27	0.9 gpt Au
<b>Subtotal Ashburton</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,104</b>	<b>2.4</b>	<b>546</b>	<b>14,227</b>	<b>2.5</b>	<b>1,122</b>	<b>21,331</b>	<b>2.4</b>	<b>1,668</b>	
<b>TOTAL RESOURCES</b>	<b>698</b>	<b>10.5</b>	<b>235</b>	<b>8,116</b>	<b>2.8</b>	<b>719</b>	<b>15,424</b>	<b>2.5</b>	<b>1,246</b>	<b>24,238</b>	<b>2.8</b>	<b>2,200</b>	

<sup>1</sup> Resources are inclusive of Reserves

<sup>2</sup> Rounding errors may occur

GOLD MINERAL RESERVES <sup>1</sup>									
As at 31 December 2012									
Based on attributable ounces	PROVED			PROBABLE			PROVED and PROBABLE		
	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)
<b>PAULSENS GOLD PROJECT</b>									
<b>Surface</b>									
Paulsens	-	-	-	424	2.3	31	424	2.3	31
Belvedere	-	-	-	129	3.2	13	129	3.2	13
Merlin	-	-	-	-	-	-	-	-	-
Mt Clement (20%)	-	-	-	-	-	-	-	-	-
<b>Underground</b>									
Upper Paulsens	-	-	-	36	6.9	8	36	6.9	8
Voyager UG	328	8.0	84	149	11.1	53	477	8.9	137
Stockpiles	102	3.3	11	-	-	-	102	3.3	11
Gold in Circuit/Transit	-	-	4	-	-	-	-	-	4
<b>Subtotal Paulsens</b>	<b>430</b>	<b>6.9</b>	<b>99</b>	<b>738</b>	<b>4.4</b>	<b>105</b>	<b>1,168</b>	<b>5.3</b>	<b>204</b>
<b>ASHBURTON GOLD PROJECT</b>									
<b>Surface</b>									
Mt Olympus	248	3.6	29	113	3.6	13	361	3.6	42
Peake	-	-	-	47	5.0	8	47	5.0	8
Waugh	-	-	-	-	-	-	-	-	-
Zeus	-	-	-	38	2.4	3	38	2.4	3
Electric Dingo	-	-	-	-	-	-	-	-	-
Romulus	-	-	-	-	-	-	-	-	-
Stockpiles	-	-	-	-	-	-	-	-	-
Gold in Circuit/Transit	-	-	-	-	-	-	-	-	-
<b>Subtotal Ashburton</b>	<b>248</b>	<b>3.6</b>	<b>29</b>	<b>198</b>	<b>3.8</b>	<b>24</b>	<b>446</b>	<b>3.7</b>	<b>53</b>
<b>TOTAL RESERVES</b>	<b>678</b>	<b>5.9</b>	<b>128</b>	<b>936</b>	<b>4.3</b>	<b>129</b>	<b>1,614</b>	<b>5.0</b>	<b>257</b>

<sup>1</sup> Rounding errors may occur

Table 1 – Northern Star Resources Limited as of 30 June 2013 Inclusive of Reserves

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## GOLD MINERAL RESOURCES <sup>2</sup>

As at December 31, 2012	MEASURED (M)			INDICATED (I)			(M) + (I)	INFERRED (Inf)			TOTAL (MI & Inf)		
	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)		Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)
Based on attributable ounces													
<b>PLUTONIC GOLD PROJECT</b>													
<b>Underground</b>													
Plutonic	289	4.8	45	2,087	11.0	736	780	2,672	11.2	966	5,048	10.8	1,746
<b>TOTAL</b>	<b>289</b>	<b>4.8</b>	<b>45</b>	<b>2,087</b>	<b>11.0</b>	<b>736</b>	<b>780</b>	<b>2,672</b>	<b>11.2</b>	<b>966</b>	<b>5,048</b>	<b>10.8</b>	<b>1,746</b>

Resources are exclusive of Reserves  
Gold Price \$USD 1650, FX 1.05 AUD

## GOLD MINERAL RESERVES <sup>3</sup>

As at December 31, 2012	PROVED			PROBABLE			TOTAL		
	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)
Based on attributable ounces									
<b>PLUTONIC GOLD PROJECT</b>									
<b>Underground</b>									
Plutonic	345	7.0	77	633	6.3	129	978	6.6	206
<b>TOTAL</b>	<b>345</b>	<b>7.0</b>	<b>77</b>	<b>633</b>	<b>6.3</b>	<b>129</b>	<b>978</b>	<b>6.6</b>	<b>206</b>

Gold Price \$USD 1250, FX 1.05 AUD

Table 2 – Plutonic Resources (exclusive of Reserves) and Reserves As of 31 December 2012

## GOLD MINERAL RESOURCES <sup>2</sup>

As at 31 December 2012	MEASURED (M)			INDICATED (I)			(M) + (I)	INFERRED (Inf)			TOTAL (MI & Inf)		
	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)		Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)
Based on attributable ounces													
<b>Kanowna Belle</b>													
<b>Surface</b>													
				1,098	2.4	86	86	1,600	2.2	114	2,698	2.3	200
<b>Underground</b>													
	1,291	4.7	194	1,312	5.4	227	421	558	5.9	107	3,161	5.2	528
<b>East Kundana Joint Venture</b>													
<b>Underground Sources</b>													
	33	8.2	9	219	7.3	51	60	396	9.2	117	648	8.5	177
<b>TOTAL</b>	<b>1,324</b>	<b>4.8</b>	<b>203</b>	<b>2,629</b>	<b>4.3</b>	<b>364</b>	<b>567</b>	<b>2,554</b>	<b>4.1</b>	<b>338</b>	<b>6,507</b>	<b>4.3</b>	<b>905</b>

1 Resources are inclusive of Reserves  
Gold Price \$USD 1650, FX 1.05 AUD

## GOLD MINERAL RESERVES

As at 31 December 2012	PROVED			PROBABLE			TOTAL		
	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)
Based on attributable ounces									
<b>Kanowna Belle Project</b>									
<b>Surface</b>									
	58	11.0	20	515	1.7	29	573	2.7	49
<b>Underground</b>									
	1,422	4.2	191	973.0	5	143	2,395	4.3	334
<b>East Kundana Joint Venture</b>									
<b>Surface</b>									
	5	12.1	2	84.0	4	10	89	4.3	12
<b>Underground</b>									
	291	14.0	131	298	9.8	94	589	11.9	225
<b>TOTAL</b>	<b>1,776</b>	<b>6.0</b>	<b>345</b>	<b>1,870</b>	<b>4.6</b>	<b>276</b>	<b>3,646</b>	<b>5.3</b>	<b>620</b>

Gold Price \$USD 1250, FX 1.05 AUD

Table 3 – Kanowna Resources (exclusive of Reserves) and Reserves As of 31 December 2012 (No Pegasus)

Table 1 - Paulsens Resources @ 2.5gpt Au Lower Cut-Off Underground and 1.0gpt Au Lower Cut-Off Open Pit, inclusive of Reserves See previous releases for JORC (2012) Information.

Table 2, 3 - Reserves and resources figures have been excerpted from those published in Barrick Gold Corporation's Annual Information Form for the year ended December 31, 2012 and dated March 28, 2013 ("AIF"). These figures were calculated in accordance with National Instrument 43-101 of the Canadian securities regulators ("NI 43-101") as describe on page 25 of the AIF under the supervision of the Qualified Persons named on page 11 of the AIF and the Qualified Persons approved the figures in advance of their publication. Each of the Qualified Persons are employees of Barrick, their relationship to Barrick being further described on page 11 of the AIF, and Barrick has determined that such persons are Qualified Persons pursuant to NI 43-101 as described on page 11 of the AIF. Barrick report short tons and oz/ton Au, this release refers to metric tonnes and may contain rounding errors for Kt (000's tonnes) and gpt Au.

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## Competent Persons Statements

The information in this announcement and the previous announcement released on 23 December 2013 that relates to Plutonic and Kanowna Gold Mine Mineral Resources and Ore Reserves is based on and fairly represents information supplied to Northern Star as a foreign estimate and reported in accordance with ASX Listing Rule 5.12 by Bernd Sostak, who is a member of the Australasian Institute of Mining and Metallurgy (111186) and who has sufficient experience that is relevant to the styles of mineralisation, the types of deposits under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. Mr Sostak is a full-time employee of Northern Star Resources Limited and consents to the inclusion in the announcements of the matters based on this information in the form and context in which it appears which accurately reflects the foreign estimate as supplied to Northern Star.

Northern Star Resources Limited's (ASX: NST) announcement in relation to the acquisition of the Plutonic Gold Project (23 December 2013) and the Kanowna Gold Project (23 January 2014) from Barrick Gold Corporation (Barrick) wishes to confirm that the information reported in relation to the Plutonic and Kanowna Gold Project Reserves and Resources was on the basis of a foreign estimate (Foreign Estimate) and as such not reported in accordance with the JORC Code as at December 31 2013. The information is provided in accordance with Listing Rule 5.12 and should be read in conjunction with the announcement released on 23 December 2013 and 23 January 2014.

1. The information provided in relation to Foreign Estimates was extracted from Barrick Gold Corporation's Annual information Form (AIF)(40F) for the year ended 31 December 2012 filed with the Canadian Securities Administrators dated 28 March 2013. The information has been reported by Barrick in accordance with Canadian National Institute 43-101 standards as described on page 25 of the AIF, and is publicly available at [www.sedar.com](http://www.sedar.com).
2. The Company believes that the categories of mineralisation reported are similar to the JORC Code (2012) classification. The Foreign Estimates contain key assumptions for gold mining and processing, and in its current form is considered to be an accurate representation of the available data. This is the most recent Reserve and Resource Statement by Barrick and the mine has been in continuous operation since that statement was issued.
3. The Company considers the Foreign Estimates to be material to the Company, given its intention to increase its annual rate of gold production through the acquisition of the Plutonic and Kanowna Gold Mines, and the Company's need to identify and secure ongoing resources for the Plutonic Gold Mine and Kanowna Belle processing facility. The Company also believes that the Foreign Estimates are relevant to Shareholders as they provide an indication of the current defined mineralisation and the potential of the Project at this date.
4. The Company believes that the Foreign Estimates are sufficiently reliable and consistent with estimation methodologies commonly used at the time of their estimation. Barrick, a world renowned gold mining company, reported the Foreign Estimates and was involved in the exploration and evaluation of deposits with significant expenditure having been incurred during that process. Barrick has significant experience in Australia and has a reputation for utilising highly developed and sophisticated systems, processes and reporting procedures to document their activities.
5. Information relating to key assumptions, mining and processing parameters, and methods used to prepare the Foreign Estimates can be reviewed in Barrick's AIF at [www.sedar.com](http://www.sedar.com), in conjunction with historic NI-43 101 reports. The Plutonic and Kanowna Gold Mines have been in continuous operation for in excess of 20 years.
6. Following reasonable inquiry at the time of reporting the Foreign Estimates, the Company believes that the Foreign Estimates reported by Barrick in March 2013 have not been superseded by any later estimates other than the Pegasus Deposit, and at the time of this announcement Barrick are in the process of developing an updated 2013 foreign mineral resource and reserve estimate.
7. Following completion of the acquisitions (estimated to be 1 February 2014 for Plutonic and estimated to be 1 March 2014 for Kanowna), it is Northern Star's intention to undertake an evaluation of the data to verify the Foreign Estimates as mineral resources or ore reserves in accordance with Appendix 5A (JORC Code).
8. The evaluation work is planned to be completed in 2014 and will be funded through internal cash reserves.
9. A Cautionary Statement is provided below.
10. A Competent Person's Statement is provided above.

## Cautionary Statement

- The information is a Foreign Estimate and not reported in accordance to the JORC Code.
- a competent person has not done sufficient work to classify the Foreign Estimates as mineral resources or ore reserves in accordance with the JORC Code; but Northern Star notes the close similarity of the Canadian and JORC classification systems; and
- it is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code. This will require new estimates and future reporting to JORC (2012) after the completion of the asset sale.

The information in this announcement that relates to Paulsens and Ashburton mineral resource estimations, exploration results, data quality, geological interpretations, potential for eventual economic extraction and estimates of exploration potential, is based on and fairly represents information compiled by or under the supervision of Brook Ekers, who is an AIG member who is a full-time employee

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of Northern Star Resources 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ekers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this announcement that relates to the Paulsens Project Ore Reserves has been compiled by or under the supervision of Darren Stralow, General Manager – Paulsens Gold Mine, who is a full-time employee of Northern Star Resources Ltd. Mr Stralow 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Stralow is a Member of the Australasian Institute of Mining and Metallurgy and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this announcement that relates to the Ashburton Ore Reserves has been compiled by Shane McLeay, Principal Engineer – Entech Pty Ltd, who has sufficient experience 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Shane McLeay is a Member of the Australasian Institute of Mining and Metallurgy and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

GOLD MINERAL RESOURCES <sup>1</sup>													
As at 31 December 2013	MEASURED (M)			INDICATED (I)			(M) + (I)	INFERRED (Inf)			TOTAL (MI & Inf)		
	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)
<b>Pegasus(EKJV-51%)</b>													
Pegasus				351	9.0	101	101	225	11.0	80	576	9.8	181
<b>TOTAL</b>	-	-	-	<b>351</b>	<b>9.0</b>	<b>101</b>	<b>101</b>	<b>225</b>	<b>11.0</b>	<b>80</b>	<b>576</b>	<b>9.8</b>	<b>181</b>

<sup>1</sup> Resources are inclusive of Reserves  
Gold Price \$USD 1500, FX 0.9 AUD (\$1666AUD)

Table 4 – Pegasus Resources as at 31 December 2013

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 Alan Pedersen (Member AusIMM-Barrick Gold Corporation) and reviewed by Bernd Sostak, (Member AusIMM), who is a full-time employee of Northern Star Resources. Mr. Sostak 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" for the Pegasus Deposit. Mr. Sostak consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

## Forward Looking Statements

Northern Star Resources Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Northern Star Resources Limited, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it.

This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

## JORC Code, 2012 Edition – Table 1 Pegasus

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>Sampling was completed using a combination of Reverse circulation (RC) and Diamond Drilling (DD). RC drilling was used to drill pre-collars for many of the Resource definition holes with diamond tails. Diamond drilling constitutes the rest of the drilling.</li> <li>Diamond core was transferred to core trays for logging and sampling. Half core samples were nominated by the geologist from both NQ2 and HQ diamond core, with a minimum sample width of either 20cm (HQ) or 30cm (NQ2).</li> <li>RC samples were split using a rig-mounted cone splitter on 1m intervals to obtain a sample for assay. 4m Composite spear samples were collected for most of each hole, with 1m samples submitted for areas of known mineralization or anomalism.</li> <li>Samples were taken to Genalysis Kalgoorlie for preparation by drying, crushing to &lt;3mm, and pulverizing the entire sample to &lt;75µm. 300g Pulps splits were then dispatched to Genalysis Perth for 50g Fire assay charge and AAS analysis.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>Both RC and Diamond Drilling techniques were used at Pegasus.</li> <li>Diamond drillholes completed pre-2011 were predominantly NQ2 (50.5mm). All resource definition holes completed post 2011 were drilled using HQ (63.5mm) diameter core</li> <li>Core was orientated using the Reflex ACT Core orientation system.</li> <li>RC Drilling was completed using a 5.75" drill bit, downsized to 5.25" at depth.</li> <li>7 RC pre-collars were drilled followed by diamond tails. Pre-collar depth was to 180m or less if approaching known mineralization.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>RC drilling contractors adjust their drilling approach to specific conditions to maximize sample recovery. Moisture content and sample recovery is recorded for each RC sample. No recovery issues were identified during 2013 RC drilling. Recovery was poor at the very beginning of each hole, as is normal for this type of drilling in overburden.</li> <li>For diamond drilling the contractors adjust their rate of drilling and method if recovery issues arise. All recovery is recorded by the drillers on core blocks. This is checked and compared to the measurements of the core by the geological team. Any issues are communicated back to the drilling contractor.</li> <li>Recovery was excellent for diamond core and no relationship between grade and recovery was observed. For RC drilling, pre-collars were ended before known zones of mineralization and recovery was very good through any anomalous zones, so no issues occurred.</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Logging</b>	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>All diamond core is logged for Regolith, Lithology, veining, alteration, mineralisation and structure. Structural measurements of specific features are also taken through oriented zones.</li> <li>All logging is quantitative where possible and qualitative elsewhere. A photograph is taken of every core tray.</li> <li>RC sample chips are logged in 1m intervals. For the entire length of each hole. Regolith, Lithology, alteration, veining and mineralisation are all recorded.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>All Diamond core is cut and half the core is taken for sampling. The remaining half is stored for later use.</li> <li>All RC samples are split using a rig-mounted cone splitter to collect a 1m sample 3-4kg in size. These samples were submitted to the lab from any zones approaching known mineralization and from any areas identified as having anomalous gold. Outside of mineralized zones spear samples were taken over a 4m interval for composite sampling.</li> <li>Field duplicates were taken for RC samples at a rate of 1 in 20</li> <li>Sample preparation was conducted at Genalysis Kalgoorlie, commencing with sorting, checking and drying at less than 110°C to prevent sulphide breakdown. Samples are jaw crushed to a nominal -6mm particle size. If the sample is greater than 3kg a Boyd crusher with rotary splitter is used to reduce the sample size to less than 3kg (typically 1.5kg) at a nominal &lt;3mm particle size. The entire crushed sample (if less than 3kg) or sub-sample is then pulverized to 90% passing 75µm, using a Labtechnics LM5 bowl pulveriser. 300g Pulp subsamples are then taken with an aluminium scoop and stored in labelled pulp packets.</li> <li>Grind checks are performed at both the crushing stage(3mm) and pulverising stage (75µm), requiring 90% of material to pass through the relevant size.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>A 50g Fire assay charge is used with a lead flux, dissolved in the furnace. The prill is totally digested by HCl and HNO3 acids before Atomic absorption spectroscopy (AAS) determination for gold analysis.</li> <li>No geophysical tools were used to determine any element concentrations</li> <li>Certified reference materials (CRMs) are inserted into the sample sequence randomly at a rate of 1 per 20 samples to ensure correct calibration. Any vaules outside of 3 standard deviations are re-assayed with a new CRM.</li> <li>Blanks are inserted into the sample sequence at a rate of 1 per 20 samples, This is random, except where high grade mineralisation is expected. Here, a Blank is inserted after the high grade sample to test for contamination. Failures above 0.2g/t are followed up, and re-assayed. New pulps are prepared if failures remain.</li> <li>Field Duplicates are taken for all RC samples (1 in 20 sample). No Field duplicates are submitted for diamond core.</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data</li> </ul>	<ul style="list-style-type: none"> <li>All significant intersections are verified by another geologist during the drill hole validation process, and later by a Competent person to be signed off</li> <li>No Twinned holes were drilled for this data set</li> <li>Geological logging was captured using excel templates. Both a hardcopy and</li> </ul>

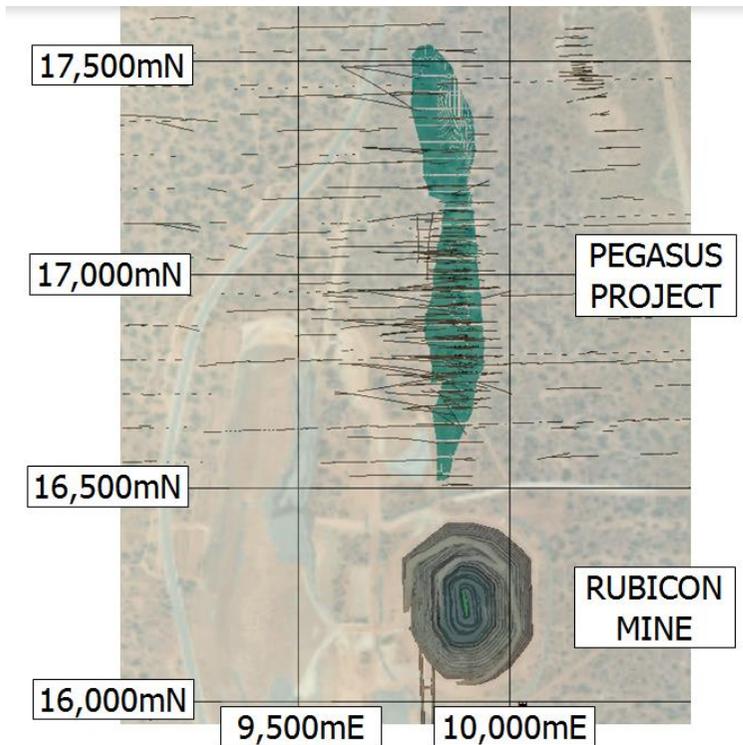
Criteria	JORC Code explanation	Commentary
	<p><i>storage (physical and electronic) protocols.</i></p> <ul style="list-style-type: none"> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<p>electronic copy of these are stored, as well as being loaded in to the database using automatic acquire loaders. Assay files are received in csv format and loaded directly into the database by the Database administrator (DBA). A geologist then checks that the results have inserted correctly. Hardcopy and electronic copies of these are also kept. No adjustments are made to this assay data.</p>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>• <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>• A planned hole is pegged using a Differential GPS by the field assistants</li> <li>• During drilling single-shot surveys are every 30m to ensure the hole remains close to design. This is performed using the Reflex Ez-Trac system. Upon hole completion, a Gyroscopic survey is conducted by ABIMS, taking readings every 5m for improved accuracy. This is done in true north.</li> <li>• The final collar is picked up after hole completion by Differential GPS in the MGA 94_51 grid.</li> <li>• Good quality topographic control has been achieved through Lidar data and survey pickups of holes over the last 15 years.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drillhole spacing across the area varies. For the Resource definition drilling, spacing was typically 40m x 40m, to allow the resource to be upgraded to indicated. For the Pode drilling spacing was approximately 20m x 20m. The HRPD drilling was much more wide spaced, as this is largely unclassified. Spacing is wider than 160m in some areas.</li> <li>• No compositing has been applied to these exploration results, although composite intersections are reported.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The majority of the structures in the Kundana camp dip steeply (80°) to WSW. The Pode structure has a much shallower dip in a similar direction, approximately 60° . To target these orientations the drillhole dips of 60-70° towards ~060° achieve high angle intersections on all structures.</li> <li>• No sampling bias is considered to have been introduced by the drilling orientation</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Prior to laboratory submission samples are stored by Barrick Kanowna in a secure yard. Once submitted to the laboratories they are stored in a secure fenced compound, and tracked through their chain of custody via audit trails</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No audits or reviews have recently been conducted on sampling techniques.</li> </ul>

## Section 2 Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section.)

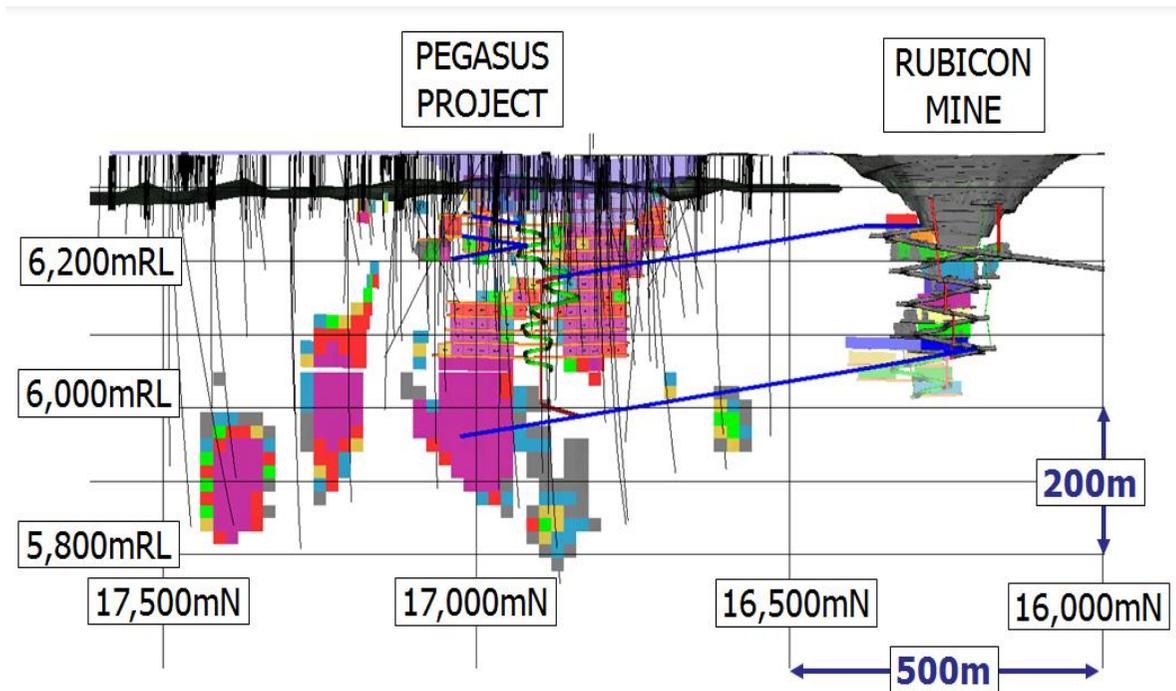
Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>All holes mentioned in this report are located within the M16/309 and M16/326 Mining leases and are held by The East Kundana Joint Venture (EKJV). The EKJV is majority owned and managed by Barrick Gold Corporation (51%). The minority holding in the EKJV is held by Tribune Resources Ltd (36.75%) and Rand Mining Ltd (12.25%).</li> <li>The tenement on which the Pegasus deposit is hosted (M16/309) is subject to two royalty agreements; however neither of these is applicable to the actual Pegasus deposit. The agreements that are on M16/309 but not relevant to the Pegasus project are the Kundana- Hornet Central Royalty and the Kundana Pope John Agreement No. 2602-13.</li> <li>No known impediments exist and the tenements are in good standing</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>The first reference to the mineralization style encountered at the Pegasus project was the mines department report on the area produced by Dr. I. Martin (1987). He reviewed work completed in 1983 – 1984 by a company called Southern Resources, who identified two geochemical anomalies, creatively named Kundana #1 and Kundana #2. The Kundana #2 prospect was subdivided into a further two prospects, dubbed K2 and K2A.</li> <li>Between 1987 and 1997, limited work was completed.</li> <li>Between 1997 and 2006 Tern Resources (subsequently Rand Mining and Tribune Resources), and Gilt-edged mining focused on shallow open pit potential which was not considered viable.</li> <li>In 2011, Pegasus was highlighted by an operational review team and follow-up drilling was planned through 2012.</li> <li>This report is concerned solely with 2013 drilling that led on from this period.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The Kundana camp is situated within the Norseman-Wiluna Greenstone Belt, in an area dominated by the Zuleika shear zone, which separates the Coolgardie domain from the Ora Banda domain.</li> <li>K2-style mineralisation (Pegasus, Rubicon, Hornet) consists of narrow vein deposits hosted by shear zones located along steeply-dipping overturned lithological contacts. The K2 structure is present along the contact between a black shale unit (Centenary shale) and intermediate volcanoclastics (Sparogville formation).</li> <li>Minor mineralization, termed K2B, also occurs further west, on the contact between the victorious basalt and Bent Tree Basalt (both part of the regional upper Basalt Sequence).</li> <li>A 60° W dipping fault, offsets this contact and exists as a zone of vein-filled brecciated material hosting the Podge-style mineralisation.</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:                             <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>Too many holes to practically list and the long section and plan reflect the holes used for estimation attached below</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>All reported assay results have been length weighted to provide an intersection width. A maximum of 2m of barren material between mineralized samples has been permitted in the calculation of these widths.</li> <li>No assay results have been top-cut for the purpose of this report. A lower cut-off of 1g/t has been used to identify significant results, although lower results are included where a known ore zone has been intercepted, and the entire intercept is low grade.</li> <li>No metal equivalent values have been used for the reporting of these exploration results</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>True widths have been calculated for intersections of the known ore zones, based on existing knowledge of the nature of these structures.</li> <li>Both the downhole width and true width have been clearly specified when used.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate plans and section have been included in the body of this report</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>Both high and low grades have been reported accurately, clearly identified with the drillhole attributes and 'From' and 'To' depths.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>Metallurgical testwork was conducted on 9 Pegasus samples. The results are summarized as follows:                             <ul style="list-style-type: none"> <li>All Pegasus recoveries were above 91% for the leach tests</li> <li>Gravity gold recovery estimated at 55%</li> <li>Cyanide consumption 0.62 kg/t; Lime 2.29 kg/t</li> <li>Oxygen Consumption 60 g/t per hour</li> <li>Bond Ball mill work index average 18.1 kWh/t</li> <li>Bond Abrasion Index average 0.1522</li> </ul> </li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Further work</b>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>Further work will commence in 2014 to extend the indicated resource deeper by infill drilling. Advanced exploration work will also attempt to upgrade an area at depth spanning 1km of strike to an inferred resource. The continuation of the 'HRPD' trend will continue to be drill tested at depth, with the intention of linking the known deposits of Hornet, Rubicon, Pegasus and Drake.</li> </ul>



Plan View Pegasus Drilling



Long Section Pegasus Drilling looking East

## JORC Code, 2012 Edition – Table 1

### Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section)

Criteria	JORC Code explanation	Commentary
<b>Database integrity</b>	<ul style="list-style-type: none"> <li>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</li> <li>Data validation procedures used.</li> </ul>	<ul style="list-style-type: none"> <li>All data is stored in a digital database with logging of changes and management of data integrity. Validation is enforced when the data is captured.</li> <li>Data is exported to ASCII files before importation into resource modeling software, no manual editing is undertaken on any data during the export/import process</li> <li>All data is manually validated and only approved data is used for resource estimation.</li> </ul>
<b>Site visits</b>	<ul style="list-style-type: none"> <li>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</li> <li>If no site visits have been undertaken indicate why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple site visits undertaken by Geologists supervising the drilling programs and preparing the Geological interpretation.</li> </ul>
<b>Geological interpretation</b>	<ul style="list-style-type: none"> <li>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</li> <li>Nature of the data used and of any assumptions made.</li> <li>The effect, if any, of alternative interpretations on Mineral Resource estimation.</li> <li>The use of geology in guiding and controlling Mineral Resource estimation.</li> <li>The factors affecting continuity both of grade and geology.</li> </ul>	<ul style="list-style-type: none"> <li>Extensive experience mining similar deposits immediately along strike supports high confidence in the quality of the Geological interpretation.</li> <li>The interpretation is primarily supported by Geological logging of Diamond Drill core.</li> <li>Alternative interpretations assessed further but confidence in the current interpretation is high for the main K2 mineralisation</li> <li>The interpretation of the main K2 structure is based on the presence of Quartz veining and continuity between sections on the K2 structure.</li> <li>Structural features are known to offset the veining and K2 structure, these are incorporated into the resource model when they are identified in drilling.</li> </ul>
<b>Dimensions</b>	<ul style="list-style-type: none"> <li>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</li> </ul>	<ul style="list-style-type: none"> <li>Mineralisation has been identified over a strike length approximating 1000m and over a depth of approximately 450m.</li> <li>Mineralisation typically occurs as distinct domains between 1m and 2m thick</li> </ul>
<b>Estimation and modelling techniques</b>	<ul style="list-style-type: none"> <li>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</li> <li>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</li> <li>The assumptions made regarding recovery of by-products.</li> <li>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</li> <li>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</li> </ul>	<ul style="list-style-type: none"> <li>Drill holes were composited into 1m intervals down hole within each interpreted domain</li> <li>Ordinary Kriging was used in areas with good drill coverage, Simple Kriging was used to estimate areas with poor drill coverage.</li> <li>The local mean value used for Simple Kriging was calculated from the declustered mean of the composited sample data.</li> <li>Search distances used for estimation based on variogram ranges and vary by domain.</li> <li>Grades were estimated into 10m(N/S) x 10m(elev) panels.</li> <li>Estimated for gold only. Sulphur Model will be reviewed at a latter date</li> <li>Drill spacing is generally around 20m x 20m for the indicated resource and around 40m x 40m for the inferred resource.</li> <li>No assumption made on SMU apart from using similar methodology to Rubicon -</li> </ul>

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	<ul style="list-style-type: none"> <li>Any assumptions behind modelling of selective mining units.</li> <li>Any assumptions about correlation between variables.</li> <li>Description of how the geological interpretation was used to control the resource estimates.</li> <li>Discussion of basis for using or not using grade cutting or capping.</li> <li>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</li> </ul>	<p>Orebody appears to be similar in width</p> <ul style="list-style-type: none"> <li>No assumptions made between variables</li> <li>Top-cuts were applied to the sample data based on a statistical analysis of the data and vary by domain ( range of cuts from 5g/t Au to 60 g/t Au October 2013 report).</li> <li>The Kriging neighborhood was refined using statistical measures of Kriging quality.</li> <li>The estimated grades were assessed against sample grades and against declustered mean values</li> <li>The estimation method reconciles well against historic production from the adjacent Rubicon deposit.</li> </ul>
<b>Moisture</b>	<ul style="list-style-type: none"> <li>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</li> </ul>	<ul style="list-style-type: none"> <li>Tonnes were assumed to be dry</li> </ul>
<b>Cut-off parameters</b>	<ul style="list-style-type: none"> <li>The basis of the adopted cut-off grade(s) or quality parameters applied.</li> </ul>	<ul style="list-style-type: none"> <li>Calculated as per industry standards. In line with adjacent Rubicon Mine. The resource lower cutoff grade was calculated at US\$1,500 with an 0.9 FX AUD</li> </ul>
<b>Mining factors or assumptions</b>	<ul style="list-style-type: none"> <li>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>The assumed mining method is longhole open stoping. Longhole drill length is 15m.</li> <li>The design envelopes for mining include internal and external dilution.</li> <li>The minimum mining width applied is 3.0m with 18m vertical floor to floor level spacing. Drive height is designed at 3.8m.</li> </ul>
<b>Metallurgical factors or assumptions</b>	<ul style="list-style-type: none"> <li>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>Metallurgical testwork was conducted on 9 Pegasus samples. The results are summarized as follows:                             <ul style="list-style-type: none"> <li>All Pegasus recoveries were above 91% for the leach tests</li> <li>Gravity gold recovery estimated at 55%</li> <li>Cyanide consumption 0.62 kg/t; Lime 2.29 kg/t</li> <li>Oxygen Consumption 60 g/t per hour</li> <li>Bond Ball mill work index average 18.1 kWh/t</li> <li>Bond Abrasion Index average 0.1522</li> </ul> </li> <li>Ore has been processed from adjacent Rubicon deposit for 3 years with recoveries exceeding 92%</li> </ul>
<b>Environmental factors or assumptions</b>	<ul style="list-style-type: none"> <li>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>No significant issues identified</li> <li>Waste disposal and process in line with existing operation</li> <li>Studies completed as part of a comprehensive mining study at Pegasus include:                             <ul style="list-style-type: none"> <li>Waste Rock Characterization</li> <li>Tailings Capacity and Option Review</li> <li>Surface Water Management Study</li> <li>Flora and Fauna Study</li> <li>Heritage Survey</li> <li>Hydrology &amp; Groundwater studies</li> <li>Soil Characterization studies</li> </ul> </li> </ul>

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<b>Bulk density</b>	<ul style="list-style-type: none"> <li>• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</li> <li>• The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</li> <li>• Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</li> </ul>	<ul style="list-style-type: none"> <li>• Bulk density measurements from project drilling and from production within the area were used to assign values within interpreted weathering horizons. The Densities used are oxide 2.0 t/m<sup>3</sup>, transitional 2.4t/m<sup>3</sup> and fresh 2.8t/m<sup>3</sup> in analogy to both nearby Rubicon and testwork on core and associated Rock Mechanics lab testwork at West Australian School of Mines</li> </ul>
<b>Classification</b>	<ul style="list-style-type: none"> <li>• The basis for the classification of the Mineral Resources into varying confidence categories.</li> <li>• Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</li> <li>• Whether the result appropriately reflects the Competent Person's view of the deposit.</li> </ul>	<ul style="list-style-type: none"> <li>• The classification of the resource was based on a series of factors including:                             <ul style="list-style-type: none"> <li>• Geological and grade continuity</li> <li>• Density of available drilling</li> <li>• Statistical evaluation of the quality of the kriging estimate</li> </ul> </li> <li>• It appropriately reflects the local deposit style and view of the deposit by the competent person</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>• The results of any audits or reviews of Mineral Resource estimates.</li> </ul>	<ul style="list-style-type: none"> <li>• The resource model has been peer reviewed by Barrick staff external to the Kanowna operations</li> </ul>
<b>Discussion of relative accuracy/ confidence</b>	<ul style="list-style-type: none"> <li>• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</li> <li>• The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</li> <li>• These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</li> </ul>	<ul style="list-style-type: none"> <li>• This mineral resource estimate is considered as robust and representative of the Kundana style of mineralisation. The application of geostatistical methods has helped to increase the confidence of the model and quantify the relative accuracy of the resource</li> <li>• The estimate is considered to be robust on a local scale for material classified as indicated. Material classified as inferred or sub-inferred is considered to be robustly estimated on a global scale. T</li> <li>• This has not been mined previously, however local nearby geology supports the estimation methodology</li> </ul>