



NORTHERN STAR
RESOURCES LIMITED

Northern Star plans to lift production to 200,000ozpa

Increased output to begin flowing in Dec Qtr 2012 under two-staged growth strategy

Highlights

- ▶ WA gold miner unveils clear step-by-step plan to grow production from 75,000ozpa to 200,000ozpa as part of a two-stage strategy
- ▶ Ashburton project to be split into two: The Ashburton Free-Milling Project (part of Stage One) and the Ashburton Sulphide Project (part of Stage Two)
- ▶ Stage One will see Paulsens plant upgraded from 350,000tpa to 450,000tpa, lifting production to +100,000oz per annum
- ▶ Expanded plant to be fed from additional underground sources, Paulsens open pit and the Ashburton Free-Milling Project
- ▶ Stage One rapid expansion strategy to cost just \$10m, with funding to come from surplus cashflow
- ▶ First production increases to flow in Dec Qtr 2012
- ▶ Stage Two will see a feasibility study start on 100,000ozpa stand-alone operation at Ashburton Sulphide Project
- ▶ Most major lead-time items for Paulsens expansion have been ordered
- ▶ \$20m exploration budget set for next 12 months; \$30m cash in bank as at 26 September 2011
- ▶ On-track to exceed calendar 2011 forecast of \$40m surplus cash, 75,000oz production

Northern Star Resources (ASX: NST) is pleased to announce that it will increase its annual production from 75,000 ounces to 200,000 ounces in two stages as the result of a decision to upgrade the plant at its Paulsens Gold Mine and develop its Ashburton project.



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Australian Securities Exchange
Code: NST

Board of Directors

Mr Chris Rowe
Non-Executive Chairman

Mr Bill Beament
Managing Director

Mr Michael Fotios
Non-Executive Director

Mr Peter Farris
Non-Executive Director

Ms Karen Brown
Company Secretary

Issued Capital

Shares
347.5 M

Options 29.4M (\$3.6M Funding)

Current Share Price
\$0.46

Market Capitalisation
\$161 million

Projects	Commodities
Paulsens	gold
Ashburton	gold
Golden Crown	gold
Range	gold, silver
Emull	Zn, Cu, gold

Under Stage One, Northern Star will increase plant capacity at the Paulsens mine in WA from 350,000tpa to 450,000tpa. This will initially see production rise from the current level of 75,000-80,000ozpa to 100,000ozpa.

The additional ore will be supplied from a combination of the open pit development and high-grade underground zones at Paulsens which are currently classed as either unmined resource blocks or remnant ore.

The combination of the un-mined resource blocks and the open pit material is expected to provide three years' ore feed to the expanded mill.

During this time, Northern Star will undertake further reserve drilling and modelling at its neighbouring Ashburton Project. As part of this, Ashburton will be split into two projects. The Ashburton Free Milling Project, where oxide/transitional resources stand at 92,000oz, will form part of the Stage One expansion and the Ashburton Sulphide Project, where sulphide resources stand at 576,000oz will be Stage Two (Table 1).

At the Ashburton Free Milling Project, there is great potential to rapidly expand the free milling resources with the extensive \$20 million exploration program currently underway.

The Ashburton Free-Milling Project will begin supplying ore to the Paulsens plant after the initial three-year supply of feed from the Paulsens open pit and upper level resources has been exhausted. Based on the current free-milling resources at the Ashburton Project, Northern Star believes this could add a further three to four years to the 100,000ozpa production profile at Paulsens.

At the same time, Northern Star will begin work on Stage Two of the growth strategy by undertaking studies on the Ashburton Sulphide Project, where preliminary indications point to a stand-alone operation producing 100,000ozpa.

Northern Star's ability to execute this two-staged growth strategy is underpinned by the first-class team of in-house technical experts it has built over the past year or so.

To support this team, the Company has secured the services of respected consultants Entech Mining. Entech were instrumental in the project management and commercial development of Sandfire Resources DeGrussa copper-gold project.

A detailed breakdown of the capital cost of the initial production expansion to 100,000ozpa will be outlined when the project team has completed its planning studies.

Northern Star intends to fund the expansion from its robust cashflow. It also currently has \$30 million in the bank.

Northern Star recently revealed that it is on track to beat its calendar 2011 forecasts for Paulsens of 75,000oz in production and \$40 million in surplus cash. With 40,000oz already produced in the June Half at a total expenditure cost of \$835/oz, and gold prices currently in-excess of \$1700/oz, the Company is enjoying strong margins and cashflow.

Northern Star Managing Director Bill Beament said the Company had enjoyed an exceptional 12 months since acquiring Paulsens for \$40 million and was now set to become one of Australia's leading gold miners.

"Paulsens has provided Northern Star with an outstanding foundation of strong production, low costs and high cashflow," Mr Beament said. "And there is still a lot of gold to be mined and we believe a lot of gold to be discovered at Paulsens."

"This two-staged strategy will enable the Company to take even greater advantage of record gold prices in a very short timeframe and for a relatively small capital outlay.

"At the same time, it allows Northern Star to start work on its next substantial growth phase, which will catapult the Company into the next league of gold producers."

Yours faithfully,



Bill Beament
Managing Director

About Northern Star Resources Ltd:

Northern Star is an emerging gold producing and exploration company in the highly prospective regions of the Ashburton and Murchison in Western Australia with a resource base nearing 1 million ounces. Northern Star's vision is to build a quality mining & exploration company focused on creating profits for shareholders. The core strategy to achieve this outcome is by acquiring assets that when re-assessed can add significant value. The acquisition of the high grade, high margin Paulsens Gold Mine has given Northern Star an immediate entry into the Australian gold business.

Competent Persons Statements

The information in this announcement that relates to 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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	Measured			Indicated			Inferred			Total		
	Tonnes (,000)	Grade (g/t)	Oz Au (,000)									
Oxide and Transitional	611	2.40	47	342	2.52	28	237	2.28	18	1,189	2.41	92
Sulphide	901	2.83	82	1,070	2.66	92	3,984	3.14	402	5,956	3.01	576
Total	1,512	2.66	129	1,412	2.63	119	4,221	3.09	420	7,145	2.91	668

Table 1 - Ashburton Resources @ 0.9g/t Au Lower Cut-Off