



QUARTERLY REPORT PERIOD ENDED 31 MARCH 2009



CORPORATE SUMMARY

ASX CODE
NST

ISSUED CAPITAL
Shares
99.3 million

Options
4 million

Current Share Price
\$0.025

Market Capitalisation
A\$2.5 million

DIRECTORS

Chris Rowe (Chairman)
Bill Beament (Managing Director)
Terry Ransted (Non Exec.)
Peter Farris (Non Exec.)

Karen Brown (Company Secretary)

PROJECTS	COMMODITIES
Golden Crown	gold
Range	gold, silver
Emull	zinc, copper, gold

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SUMMARY

CORPORATE

- ▶ Xstrata divests majority of holding to New Investors
- ▶ Investmet Limited acquires 12.9% of NST
- ▶ Peter Farris joins the board
- ▶ Peter Langworthy resigns from the board
- ▶ Announcement of a two stage capital raising for \$758,500
- ▶ Investmet to underwrite 2 for 5 non-renounceable rights issue

EXPLORATION

- ▶ Golden Crown resource data reviewed for continued exploration this season
- ▶ Range gold project reviewed
- ▶ Emull Zinc/Copper resource evaluation continuing
- ▶ Tenement portfolio reduced

CORPORATE OVERVIEW

During the quarter ending the 31st March 2009, Northern Star Resources Ltd (NST) announced that it had formalised arrangements for a two stage capital raising for \$785,000 to continue assessing its gold/base metal projects and to actively pursue project acquisitions.

Stage 1 involves a two tranche placement to raise \$187,500, by way of an issue of 15,000,000 fully paid ordinary shares at an issue price of \$0.0125 per share. The placement will be made to sophisticated investors and the funds raised will be pursuant to the “excluded offer” provisions (Section 708) of the Corporations Act, 2001.

Stage 2 of the capital raising will be via a 2 for 5 pro rata non-renounceable rights issue to shareholders fully underwritten by Investmet Limited. The offer will raise approximately \$571,000 (less costs for legal and ASX).

The issue price of the shares in both raisings was at a 4% premium to the 20 day VWAP when announced on the 20th March 2009. A further bonus to the Company in these difficult times is there will be no underwriting fee for the two stage capital raising saving the Company 6% or \$45,500 on the money raised. No directors or their associates will participate in the placement issue. Further details of the rights issue including Record Date will be advised in due course.

The key placement details are as follows:

- 15 million new shares and a free option for every share placed at an issue price of \$0.0125 per new ordinary share to raise \$187,500, completed in two tranches:
 - Tranche one 7,444,547 shares and a free option for every share to raise \$93,000.
 - Tranche two 7,555,453 shares and a free option for every share to raise \$94,500. This tranche will require shareholder approval.
- The options are broken into three groups.
 - 1/3 of the attaching options are to be exercisable at \$0.025 with a 1 year expiry;
 - 1/3 of the attaching options are to be exercisable at \$0.05 with a 2 year expiry; and
 - 1/3 of the attaching options are to be exercisable at \$0.10 with a 3 year expiry.

The key rights issue details are as follows:

- Two new shares and two free options for every five shares held as at the Record Date at an issue price of \$0.0125 per new ordinary share to raise approximately \$571,000 (less legal and ASX costs for the issue)
- The options are broken into three groups and in the same structure (price and expiry) as that offered to those participating in the placement.

Subsequent to the quarter end NST was informed by Xstrata that they had divested a 19.9% holding in NST to a diverse group of new investors. Xstrata currently retains a 5.16% holding in the Company. Investmet Limited, one of the buyers is the same investment company that is involved in the two stage capital raising that was announced on Friday 20th March 2009.

As a result of Xstrata’s divestment, their representative to the Board, Peter Langworthy, resigned as a director. Peter’s experience, advice and support through these difficult times has been critical to the Company’s survival and being able to move forward with new investment.

Peter Farris joined the board following Peter Langworthy’s resignation. Peter is a well respected and highly credentialed businessman in the Perth real estate industry and corporate advisory services. He has managed and developed major real estate companies with turnovers in excess of \$200 million and has extensive experience in company management.

During the March quarter the Directors of NST continued to ensure that your Company will survive the current market crisis but this has meant by necessity a significant reduction in exploration activity whilst preserving the most advanced assets. Key tenements have been retained to cover the resource at Golden Crown and mineralisation at Emull, together with tenements which cover what we see as the most prospective ground at Wilson River.

NST has either disposed of or is in the process of disposing of its realisable assets in the Kimberley including fixed and mobile plant. Your Directors have agreed that subject to shareholder approval remuneration will be taken in NST shares rather than cash up to 31st March 2009. Staff numbers have been reduced, as well as Executive and technical remuneration packages and corporate overheads cut.

NST will continue to investigate new opportunities to ensure that it will be active in exploration and development programs when the funding from the two stage raising comes through.

PLANNED APPLICATION OF FUNDS

- a) Further assessment of the Golden Crown Inferred Resource of 323,000 tonnes @ 3.2 g/t gold containing 33,600 ounces.
- b) Conduct due diligence on potential acquisitions
- c) Continue exploration of high grade epithermal mineralisation at the Range Project. Previous drilling has returned high grade intersections including the following:
 - 5m @ 15.1g/t Au and 34.9g/t Ag
 - 4m @ 15.1g/t Au and 7.3g/t Ag
 - 6.2m @ 10.5g/t Au and 45g/t Ag
- d) Continue to add value by calculating an initial resource at the Emull Zinc/Copper prospect which the Company views as a strategic asset.
- e) Settle outstanding creditors
- f) Other corporate requirements

PROJECT UPDATE

▶ Golden Crown Prospect

The Golden Crown project is located 30km southeast of Halls Creek and 4km northeast of the Palm Springs Gold Mine where production during the mid-1990's recovered approximately 70,000 ounces of gold. The Inferred Resource contains two deposits located about 600 metres along strike from each other, Golden Crown which contains 136,000 tonnes @ 3.8 g/t gold for 16,600 ounces and Faugh-a-Ballagh which contains 187,000 tonnes @ 2.8 g/t gold for 17,000 ounces.

The deposits at the Golden Crown Project have potential to be developed as part of a high grade, low tonnage mining operation. The deposits lie within 100m of surface and would be amenable to extraction via simple open pit mining. Halls Creek is a well known historical goldfield which is well serviced in comparison to other remote communities. The close proximity to this established infrastructure also contributes to the attractiveness of the project

As outlined in previous announcements the resource report by ResEval highlighted that several lodes within the Golden Crown and Faugh-a-Ballagh deposits are open both along strike and at depth, highlighting the potential to add to the resource inventory with additional drilling. There is also excellent potential for lode repetitions to occur along strike, presenting a further opportunity to further increase the resource.

During the quarter the geological model was analysed to gain further understanding on the mineralisation controls within the resource and evaluate the potential to add to the resource inventory with additional drilling. This process will continue through the June quarter to place the project into a position where the Company can evaluate costs associated with further

exploration. The ideal position for the Company on this project will be to have the preparation and planning completed for commencement of drilling in the middle of the year.

► **Wilson River Epithermal Gold/Silver Project**

As outlined in a previous announcement the findings of the independent geologist report on the Wilson River epithermal gold/silver potential indicated that although the epithermal model was valid many of the structures drilled to date may not have had the fluid flow required to develop economic mineralisation. This analysis justified our tenement reduction strategy and enabled us to retain the most prospective areas cost effectively.

What did arise from this analysis is a re-think on the potential of the supergene enriched zones of mineralisation in areas where the reefs outcrop. All results to date are being reviewed to formulate a plan on the most prospective areas to target with continued exploration which could involve further drilling. Additional exploration has the potential to outline high grade mineralisation but at small tonnage which could add value to the Company's small but growing gold portfolio.

► **Emull Prospect – Zinc/Copper**

During the quarter work continued on compiling data and ensuring compliance to QA/QC protocol in order to calculate a resource estimate. This work will continue during the next quarter.

► **U3O8 URANIUM JOINT VENTURE**

Negotiations are proceeding with specialist uranium explorer U3O8 Limited to restructure the current East Kimberley Joint Venture agreement to more favourable commercial terms to both parties taking into account the current economical conditions.

Bill Beament



Managing Director

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Jason Boladeras, who is Exploration Manager for Northern Star Resources, a Member of the Australian Institute of Geoscientists and is employed by Geoarc Pty Ltd. Mr Boladeras 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'. Mr Boladeras consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

BACKGROUND

*Northern Star Resources (ASX Code: **NST**) is a diversified resource company focused on the exploration and development of three project groups centred on Halls Creek in the East Kimberley region of Western Australia. The projects are highly prospective for gold, base metals and uranium. The Company has defined an initial 33,600oz gold resource at the Golden Crown Project, high-grade epithermal gold/silver exploration opportunities at the Wilson River Project and significant zinc-copper mineralisation at the Emull Project.*