

QUARTERLY REPORT

PERIOD ENDED 31 DECEMBER 2008



ASX Code: NST

Shares on Issue
99,260,631

Current Share Price
\$0.022

Market Capitalisation
\$2.2M

DIRECTORS

Chris Rowe (Chairman)

Bill Beament (MD)

Terry Ransted

Peter Langworthy

COMPANY SECRETARY

Karen Brown

CONTACT DETAILS

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SUMMARY

CORPORATE

- ▶ 2 for 5 pro rata non-renounceable rights issue cancelled
- ▶ Exploration activities and all operating costs scaled back

EXPLORATION

- ▶ Emull Zinc/Copper potential extended, with high grade assays
 - 38m @ 1% Zn, 0.4% Cu, 6.9 g/t Ag and 0.14g/t Au
inc 11m @ 2.1% Zn, 0.5% Cu, 9.1 g/t Ag and 0.27g/t Au
 - 67m @ 0.4% Zn, 0.3% Cu, 4.3 g/t Ag and 0.07g/t Au
inc 3m @ 4.1% Zn, 0.4% Cu, 10.8 g/t Ag and 0.13g/t Au
 - 15m @ 0.5% Zn, 0.4% Cu, 8.1 g/t Ag and 0.17g/t Au
inc 3m @ 1.4% Zn, 0.7% Cu, 12.5 g/t Ag and 0.20g/t Au
- ▶ Wilson River epithermal model analysis
- ▶ Tenement portfolio reduced

CORPORATE OVERVIEW

During the quarter ending the 31st December 2008 Northern Star Resources Ltd (NST) cancelled the 2 for 5 pro rata non-renounceable rights issue which was aimed at raising exploration funding for the 2009 season. The collapse of commodity prices and general turmoil in financial markets world wide, have made it virtually impossible for junior explorers to raise funding for hard rock exploration projects.

The Directors of NST have moved 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 will be 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. Staff numbers have been reduced 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 market permits further funding.

PROJECT UPDATE

► *Wilson River Epithermal Gold/Silver Prospects*

Northern Star Resources has been focused on exploring for epithermal gold/silver mineralisation and systematically built a portfolio of exploration targets based on a favourable model. Data returned from advanced projects drilled in late 2008, combined with previous data has provided an opportunity to reassess the model.

During the quarter NST commissioned an experienced epithermal Geologist to review all the work to date and determine the validity of the epithermal model being used and review the potential of the Wilson River Project to host economic mineralisation. The findings of the report have 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. The exploration approach taken to date should however be undertaken in the Tunganary Project area. This analysis has justified our tenement reduction strategy and enabled us to retain the most prospective areas cost effectively.

► *Emull Prospect – Zinc/Copper*

The **Emull Prospect** lies within the Red Billabong Project, 45km west of Halls Creek in the East Kimberley region. Previous drilling at Emull proved +1% Zn and +0.5% Cu lenses within a broader +0.1% Cu-Zn envelope were open at depths up to 150m vertical and remained open along strike. This shallow drilling (<150m) by NST has also confirmed higher grade zinc intersections in at least three separate “shoots” within a 500m long mineralised trend at Emull (Figure 1).

The focus of the past drill season was to determine if high grade Cu-Zn feeder zones existed at depth, define the strike extent and improve the understanding of controls on mineralisation to assist in geological modelling with the ultimate aim of outlining a resource.

Ten RC drill holes for 2824m (08RBC091-100) were completed on the Southern, Central and South Eastern zones and are the deepest drilled to date, up to 280m vertical.

Significant results include:

Hole 08RBC097

Intersection 1 - 15m @ 0.5% Zn, 0.4% Cu and 8.1 g/t Ag from 264m
including 3m @ 1.4% Zn, 0.7% Cu and 12.5 g/t Ag from 275m

Hole 08RBC099

Intersection 1 - 67m @ 0.4% Zn, 0.3% Cu and 4.3 g/t Ag from 145m
including 3m @ 4.1% Zn, 0.4% Cu and 10.8 g/t Ag from 179m

Hole 08RBC100

Intersection 1 - 38m @ 1% Zn, 0.4% Cu and 6.9 g/t Ag from 181m
including 11m @ 2.1% Zn, 0.5% Cu and 9.1 g/t Ag from 202m

Further results are shown in Table 1 below.

Anomalous Cu-Zn intercepts were returned from up to 250m vertical and remain open both at depth for all zones and along strike to the west for the Southern and Central zones. Cross sections of the Central lode can be seen in figure 2 showing the consistency of the mineralisation envelope.

Controls on mineralisation are now better understood:

- 1) Interpretation suggests structural controls are not as complex as previously thought, which will make geological modelling easier. Strike and dip of mineralisation was relatively predictable even up to 250m below surface. Local faulting and folding may be the cause of strike and dip variation.
- 2) Higher grade Cu-Zn intercepts were associated with zones of multiple alternating thin gabbro and ultramafic units within a dominantly gabbroic host rock.
- 3) There is a strong correlation between Cu, Zn, Au and Ag.
- 4) Geometry is consistent at depth: +0.1% Zn core within a much broader +0.1% Cu envelope. This aids in local exploration as Cu intersections may indicate the zinc core is nearby.

Further RC drilling is required to define strike extent of mineralisation to the west of the Southern and Central Zones. Diamond drilling to assist in structural interpretation and orientation of mineralisation is also required. The latest round of drilling information will be used to help evaluate the resource potential of Emull.

Bill Beament

Managing Director

Information in this announcement is based on information compiled by Mr J Boladeras, AIG, Exploration Manager of the Company who is 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 is a full time employee of Northern Star Resources Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken, and consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

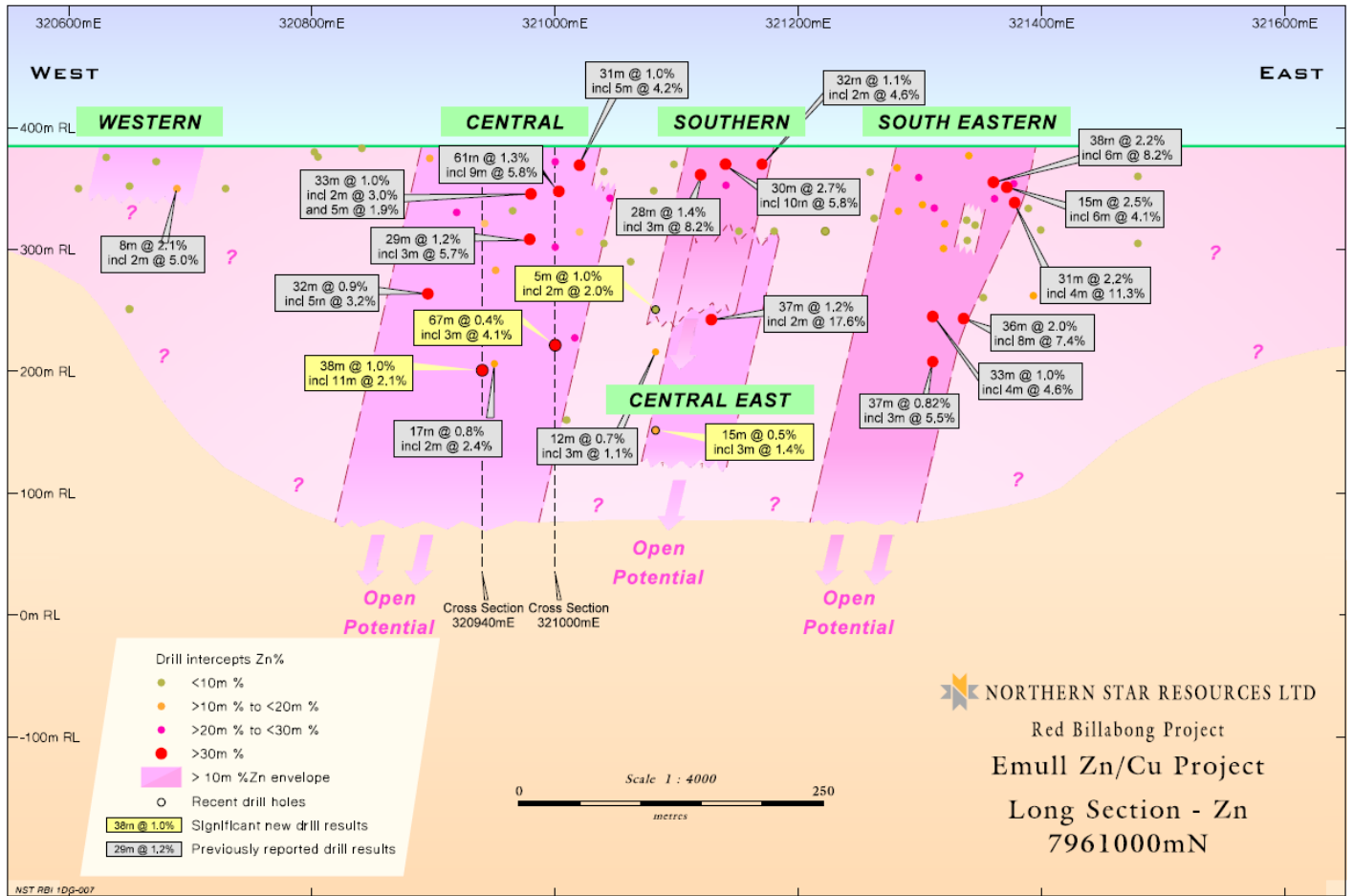


Figure 1 – Emull Long Section

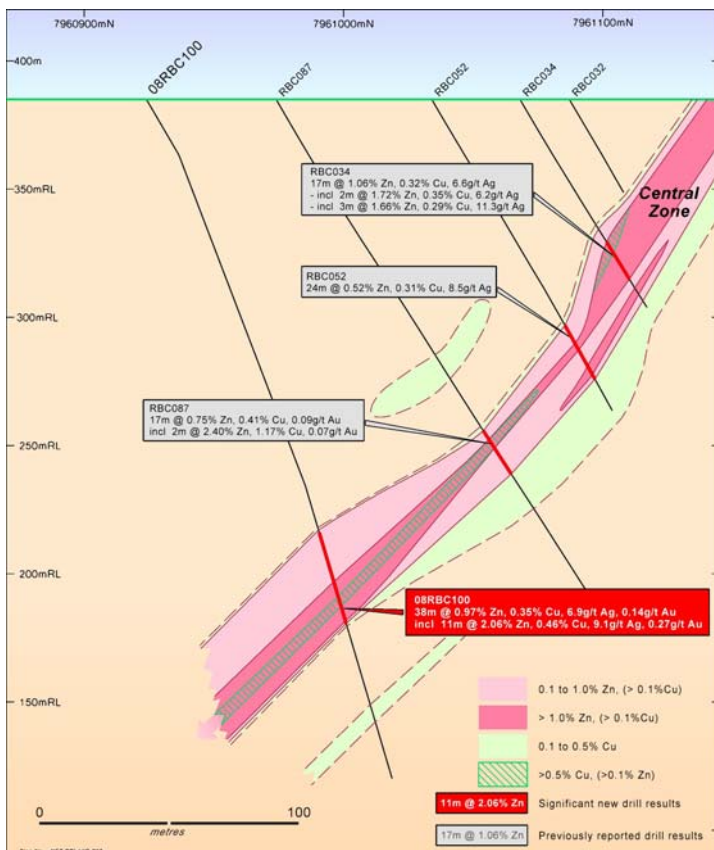


Figure 2 – Cross Section 320940mE

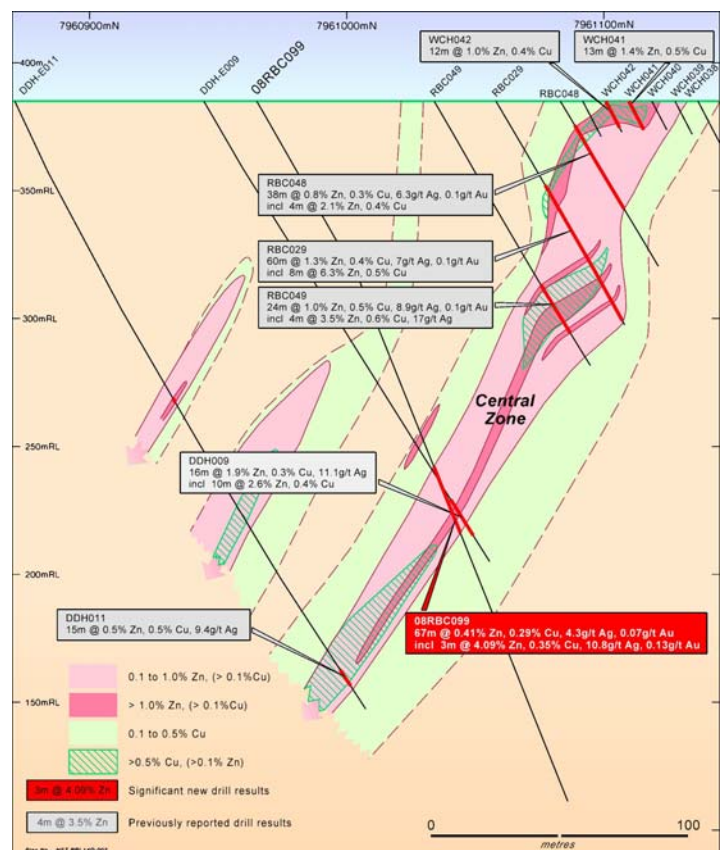


Figure 2 – Cross Section 321000mE

Table 1 RC Percussion Drilling 2008 – Emull Phase 1

Hole No	Northing	Easting	Azimuth	Dip	From	To	Interval	Cu	Zn	Pb	Ag	Au
	(AMG66)	(AMG66)	(Magnetic)	(Degrees)	(m)	(m)	(m)	(%)	(%)	(%)	(g/t)	(g/t)
South Eastern Zone												
08RBC091	7960707	321380	357	-65	299	315	16	0.16	0.03	0.06	3.8	0.09
08RBC092	7960697	321340	357	-65	182	203	21	0.27	0.24	0.14	7.2	0.10
					256	278	22	0.14	0.13	0.08	4	0.06
08RBC093	7960699	321299	357	-65	183	211	28	0.15	0.02	0.05	2.8	0.09
Southern Zone												
08RBC094	7960792	321139	357	-65	113	123	10	0.38	0.04	0.11	8.4	0.09
08RBC095	7960784	321098	357	-65	134	144	10	0.21	0.02	0.05	5.3	0.05
08RBC096	7960871	321039	357	-65	126	134	8	0.17	0.17	0.07	3.6	0.07
					162	182	20	0.15	0.13	0.05	2.9	0.05
					244	290	46	0.20	0.04	0.02	2.6	0.07
08RBC097	7960850	321080	357	-60	154	159	5	0.28	0.97	0.09	6.4	0.18
				including	156	158	2	0.23	2.04	0.14	8	0.20
					264	279	15	0.40	0.53	0.14	8.1	0.17
				including	275	278	3	0.69	1.39	0.18	12.5	0.20
08RBC098	7960830	321160	357	-60	40	47	7	0.17	0.04	0.06	5	0.05
					207	251	44	0.16	0.17	0.06	3.4	0.03
					260	275	15	0.22	0.02	0.01	1.9	0.08
Central Zone												
08RBC099	7960965	321000	357	-60	98	113	15	0.11	0.01	0.01	1.5	0.0
					145	212	67	0.29	0.41	0.07	4.3	0.1
				including	179	182	3	0.35	4.09	0.24	10.8	0.1
08RBC100	7960924	320940	357	-60	181	219	38	0.35	0.97	0.15	6.9	0.1
				including	202	213	11	0.46	2.06	0.21	9.1	0.3
					252	259	7	0.18	0.02	0.02	1.2	0.1

1 metre samples analysed for Cu, Zn, Pb, Ag by total mixed acid digest with ICP-OES finish for Cu, Zn and ICP-MS finish for Pb, Ag; Au by fire assay 40g with ICP-OES finish.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

NORTHERN STAR RESOURCES LTD

ABN

43 092 832 892

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (6 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(526)	(1,525)
(b) development	-	-
(c) production	-	-
(d) administration	(148)	(323)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	24
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(667)	(1,824)
Cash flows related to investing activities		
1.8 Payment for purchases of		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(4)
1.9 Proceeds from sale of		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	15	19
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	15	15
1.13 Total operating and investing cash flows (carried forward)	(652)	(1,809)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(652)	(1,809)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	554
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – costs of issues	-	-
	Net Financing Cash Flows	-	554
	Net increase (decrease) in cash held	(652)	(1,255)
1.20	Cash at beginning of quarter/year to date	734	1,337
1.21	Exchange rate adjustments to Item 1.20	-	-
1.22	Cash at end of quarter	82	82

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	106
1.24	Aggregate amount of loans to the parties included in item 1.10	-

Explanation necessary for an understanding of the transactions

Payments to directors or director related entities for:	\$000s
Executive directors' salary & statutory superannuation (includes termination)	68
Non executive directors' fees & statutory superannuation	19
Disbursements for office services paid to a company in which non-executive directors have an interest	19

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

No Expenditures Reported To Date

Financing facilities available

add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outlays for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
TOTAL	50

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the statement of cash flows) to the related items in the accounts is follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	1	1
5.2 Deposits at call	81	733
5.3 Bank overdraft		
5.4 Other (provide details if material)	-	-
Total: cash at end of quarter (item 1.22)	82	734

Changes in interests in mining tenements - *See attached tenement schedule for details*

	Tenement Reference	Nature of Interest [note (2)]	Interest at Beginning of Quarter	Interest at End of Quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL80/2576	Relinquished	100%	0%
	EL80/2611	Relinquished	100%	0%
	EL80/2623	Relinquished	100%	0%
	EL80/3227	Relinquished	100%	0%
	EL80/3234	Relinquished	100%	0%
	EL80/3251	Relinquished	100%	0%
	EL80/3305	Relinquished	100%	0%
	EL80/3401	Relinquished	100%	0%
	EL80/3753	Relinquished	100%	0%
	ELA80/4010	Relinquished	100%	0%
	ELA80/4011	Relinquished	100%	0%
	ELA80/4012	Relinquished	100%	0%
	EL80/2522	Relinquished	100%	0%
	EL80/2721	Relinquished	100%	0%
	6.2 Interests in mining tenements acquired or increased			

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preferences securities <i>(description)</i>				
7.2 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks, redemptions				
7.3 Ordinary securities	99,260,631	99,260,631		
7.4 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks				
7.5 Convertible debt securities				
7.6 Changes during quarter (a) increases through issues (b) decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
<i>Unlisted options NSTAW</i>	100,000	-	20	18/06/2012
<i>Unlisted options NSTAA</i>	1,500,000	-	20	10/10/2010
<i>Unlisted options NSTAZ</i>	2,000,000	-	various	16/11/2010
<i>Unlisted options NSTAI</i>	1,000,000	-	various	02/09/2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter <i>Unlisted options NSTAO</i>	5,000,000	-	20	17/12/2008
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: *[signed B. Beament]* Date: 23/01/2009

(Director/~~Company Secretary~~)

Print name: B. BEAMENT

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address the topic, the Australian standard on that topic (if any) must be complied with.

Additional note:

After balance date activities/cash balances:

As noted in the quarterly activities report, the Company is in the process of liquidating realisable assets (including fixed and mobile plant) to augment cash balances. Further, the Directors are taking steps to further minimise cash outflows while preserving the Company's core assets pending favourable market conditions for fund raising.

Tenement Schedule

31 December 2008

Tenement Number	Registered Title Holder	Registered Interest %	Other Interests	Project Name
E80/2612	Northern Star Resources Ltd	100		East Kimberley Nickel
E80/2394	Northern Star Resources Ltd	100		Halls Creek
E80/4001	Northern Star Resources Ltd	100		Wilson River
E80/3317	Northern Star Resources Ltd	100		Wilson River
E80/3396	Northern Star Resources Ltd	100		Wilson River
E80/3397	Northern Star Resources Ltd	100		Wilson River
E80/3399	Northern Star Resources Ltd	100		Wilson River
E80/3549	Northern Star Resources Ltd	100		Wilson River
E80/3550	Northern Star Resources Ltd	100		Wilson River
E80/3551	Northern Star Resources Ltd	100		Wilson River
E80/3566	Northern Star Resources Ltd	100		Wilson River
E80/3640	Northern Star Resources Ltd	100		Wilson River