

# **NORTHERN STAR POSTS \$7.6M PROFIT AS LOWER GOLD PRICE OFFSETS INCREASED PRODUCTION**

**Interim dividend steady at 1c-a-share, fully-franked**

## **KEY POINTS**

- ▶ **A fall of A\$203/oz in the average realised gold price has left Northern Star with a \$7.6m net profit for the six months to 31 December 2013 (\$22.3m in previous corresponding half)**
- ▶ **The lower gold price delivered both reduced margins and a \$2.4m hit stemming from the revaluation of the stockpile**
- ▶ **Production rose from 39,366oz previously to 50,419oz, reflecting the \$30m investment made in expanding the Paulsens processing plant and mine**
- ▶ **Paulsens' expansion and higher gold production triggered a rise in the total depreciation charge from \$10.7m to \$13.2m**
- ▶ **Surplus cashflow from operating activities was \$24.6m, down from \$29m, as costs associated with the increased mining and processing rates and a lower gold price offset the increased production**
- ▶ **Recent acquisitions will see production more than triple to +350,000ozpa**
- ▶ **Interim dividend maintained at 1c a share, fully-franked**

Northern Star Resources (ASX: NST) has posted a \$7.6 million net profit for the six months to 31 December 2013, down from \$22.3 million in the previous corresponding period, as the fall in the gold price offset increased production at its Paulsens Gold Mine in WA.

Production rose to 50,419oz from 39,366oz previously but the average realised gold price during the period fell to A\$1,416/oz from A\$1,619/oz previously.

The increased production reflected the \$30 million Northern Star has spent at Paulsens to ramp-up mine production, expand the mill capacity, build a paste fill plant, install a new ventilation circuit and mobile fleet for the underground mine and upgrade surface facilities.

This recapitalisation and higher gold production also resulted in depreciation and amortisation increasing from \$10.7 million to \$13.2 million.

The profit result also took into account the \$2.4 million charge stemming from revaluation of the stockpile in light of the lower gold price and the costs incurred with making the recent Titan discovery at Paulsens.

## **ASX ANNOUNCEMENT 27 February 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 Carpene  
*Company Secretary*

### **Issued Capital**

Shares 526M

Options 5M

Current Share Price \$1.17

Market Capitalisation  
\$616 million

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

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# ASX ANNOUNCEMENT - 27 FEBRUARY 2014

Surplus operating cashflow totalled \$24.6 million, down from \$29 million previously. The latest result reflected the higher mining rates and processing costs associated with the expanded mill as well as the lower gold price.

It also takes into account the cost of operating the paste plant, which was not commissioned in the previous period. Paste filling underground stopes allows for maximum extraction of high-grade ore and extends mine life.

Despite the lower result, Northern Star has declared a fully-franked interim dividend of 1c a share, in line with the previous corresponding period.

Northern Star's production is set to more than triple to an annual rate of over 350,000oz on the back of its recent acquisitions of the Plutonic, Kundana and Kanowna Belle gold mines in WA.

Northern Star Managing Director Bill Beament said the Company's ability to generate a significant profit despite enduring a much lower gold price highlighted the extent to which it could generate free cashflow in the current environment.

"By tripling our production immediately and keeping our costs low, we will position the Company to enjoy substantial increases in free cashflow," Mr Beament said. "And that's before allowing for any rise in the gold price.

"We will essentially triple our production or more while increasing our shares on issue by approximately 35 per cent.

"This rising production and cashflow, combined with the outstanding exploration upside at Paulsens, Kundana and Plutonic, will transform Northern Star into a major ASX-listed gold miner by any measure."

Yours faithfully



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