

## 1. OUR COMPANY

Northern Star Resources Limited (Northern Star or the Company) (ASX: NST) is an S&P ASX 100 gold producer with world-class projects located in highly prospective and low sovereign risk regions of Western Australia, the Northern Territory and Alaska USA. Since the acquisition of Paulsens mine in July 2010, Northern Star has continued to assemble a portfolio of high-quality, high-margin mining operations, with the aim of delivering maximum total returns to our Shareholders.

The current portfolio of assets from four concentrated centres (Kalgoorlie, Jundee, Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM) and Pogo), is expected to produce a total annual production in Financial Year ending 30 June 2021 of between 940,000 – 1,060,000 ounces of gold. Northern Star's gold mines include world-class, low-cost, high-grade gold mines, which together have produced over 50 million ounces (including 50% of KCGM). Together with NST's newly acquired interest in the 50/50 joint venture with Saracen Mineral Holdings Limited at KCGM, Northern Star also owns and operates one mine site located in Alaska USA and five mine sites located within Western Australia;

- Jundee;
- Kundana (the East Kundana Joint Venture Northern Star's interest: 51%);
- Kanowna Belle;
- Millennium and
- South Kalgoorlie Operations.

## 2. INTRODUCTION

As an Australian Stock Exchange (ASX) listed gold mining Company, Northern Star is subject to, and conducts our business in accordance with, the ASX Listing Rules and the laws and regulatory requirements of Australia. Board and management are committed to the highest standards of corporate governance including compliance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations".

Northern Star's sustainability framework aims to promote transparency and responsible behaviour. Our principles and processes are periodically reviewed to ensure the Company maintains the highest standards of corporate governance.

Northern Star has adopted a Code of Conduct based on the STARR Core Values (Safety, Teamwork, Accountability, Respect and Results). The Board believe that the Code of Conduct is to be enacted by its people, and through its application can positively influence relationships with community, corporate and individual neighbours. The Company communicates regularly with all stakeholders in an open, timely and transparent way.

To ensure transparency with our stakeholders and the public, Northern Star publishes the Tax Corporate Governance Statement on a voluntary basis as a part of our commitment to tax transparency. This Statement includes information recommended to be disclosed under the Australian Voluntary Tax Transparency Code (TTC).

## 3. FINANCIAL AND TAX REPORTING

This Statement provides information regarding Australian tax activities for the 2020 Financial Year. Northern Star prepares a single set of Consolidated Financial Statements that discloses the accounting profit before tax and tax expense. Therefore, Northern Star's Consolidated Financial Statements include foreign operations for the 2020 Financial Year.

Northern Star has formed an Australian tax consolidated group for Income tax and GST reporting obligations, for all Australian entities which are wholly owned subsidiaries. The Australian tax consolidated group does not include Northern Star's foreign operations.

The Australian Group's financial performance for the 12 months ending 30 June 2020 reported a profit after tax of A\$251.7M (2019 - A\$175.5M). Income tax expense attributable to the profit from continuing operations is A\$83.3M (2019 - A\$72.0M).

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### 4. VOLUNTARY TAX TRANSPARENCY CODE

Consistent with the code, this Statement is to be read in conjunction with the tax disclosures in the 2020 Annual Report, available on Northern Star's Company website [www.nsrld.com](http://www.nsrld.com). This Statement provides the following voluntary tax information:

- A reconciliation of accounting profit to tax expense and to income tax payable.
- Identification of material temporary and non-temporary differences.
- Accounting effective company tax rates for our Australian operations.
- Tax contribution summary for corporate taxes paid.
- Approach to tax strategy and governance.

#### 4.1 Reconciliation of Accounting Profit to Income Tax Expense and Income Tax Payable

Income tax paid or payable represents the actual income tax payable to the Australian Tax Office (ATO). Income tax payable, reported on the Company's balance sheet, is the expected balancing payment to the ATO and represents the difference between the total tax payable for the year less payments made on account during the year.

Income tax expense, reported on the Company's income statement, is calculated by multiplying accounting profit, adjusted for non-temporary differences, by the corporate tax rate (2020: 30%).

A reconciliation of the Northern Star Australian group's accounting profit to income tax payable is set out in the table below.

Income tax payable	2020 A\$000s	2019 A\$000s
<b>Accounting Profit before Tax</b>	335,029	247,517
Income Tax at the statutory rate of 30%	100,509	74,255
Non-temporary differences	(17,405)	(1,643)
Temporary differences: deferred tax	(23,614)	(1,940)
<b>Adjustments for prior periods</b>	(934)	0
<b>Current year tax paid or payable</b>	58,556	70,672

A reconciliation of Northern Star's accounting profit to income tax expense is set out below.

Income tax expense	2020 A\$000s	2019 A\$000s
<b>Accounting Profit before Tax</b>	335,029	247,517
Income Tax at the statutory rate of 30%	100,509	74,255
Non-temporary differences	(17,405)	(1,643)
Adjustment of current tax on prior periods	186	(604)
<b>Current year tax expense</b>	83,290	72,008

#### 4.2 Identification of Material Temporary and Non-Temporary Differences

A summary of material non-temporary and temporary differences for the year ended 30 June 2020 is provided below:

Differences	Description	2020 A\$000s	Effect
<b>Non-temporary differences</b>	Non-deductible expenditure	2,664	Increases Taxable Income
	Derecognition of tax assets	1,442	No Taxable Income Impact
	Transferred tax losses	(21,511)	Decreases Taxable Income
<b>Temporary differences</b>	Provisions	13,292	Increases Taxable Income
	Mine Properties	(6,439)	Decreases Taxable Income
	Exploration Expenditure	(9,211)	Decreases Taxable Income
	Other	(12,232)	Decreases Taxable Income
	Property, plant and equipment	(1,996)	Decreases Taxable Income
	Inventory	(7,028)	Increases Taxable Income

The amounts in the table above are subject to the preparation and judgment of the 2020 Income Tax Return.

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### 4.3 Accounting Effective Company Tax Rates

The Australian company tax rate is currently 30% of taxable income. Taxable Income represents net profit for tax purposes, that is, gross income less any deductions or exemptions allowed in a tax year. The effective tax rate is calculated as income tax expense divided by accounting profit. The effective tax rate will differ to the company tax rate due to the non-temporary differences. The effective company tax rates for the current and prior years are outlined in the table below:

	2020	2019
<b>Effective tax rates</b>	25%	29%

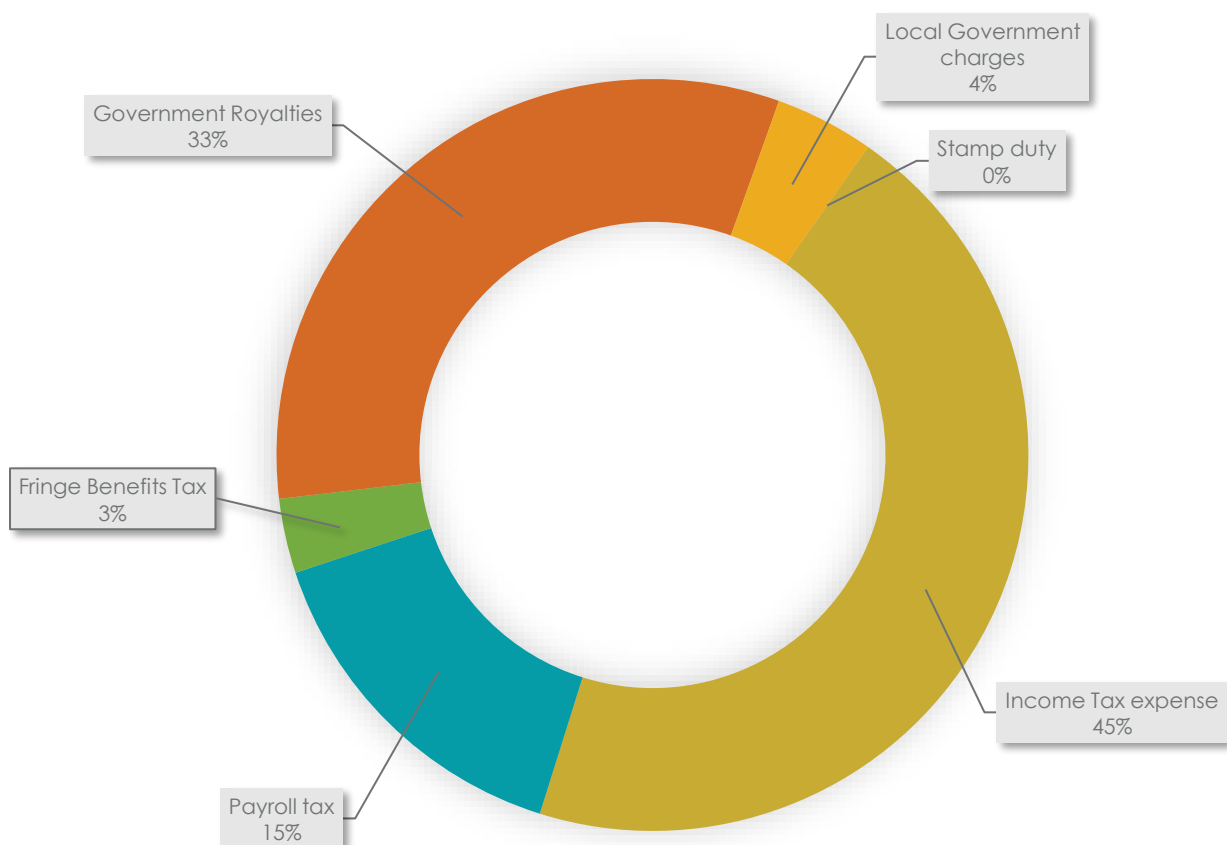
\* The current year's effective tax rate is lower due the Company acquiring an asset with carried forward tax losses which were required to be recognised under accounting standards (see note 14 to the Company's Financial Statements for the year ended 30 June 2020). The recognition of these tax losses resulted in a non-cash credit to income tax expense, which will unwind as non-cash debits in future periods.

### 4.4 Taxes Summary

Northern Star is subject to both state and federal taxes. The table below outlines the major taxes and government charges paid in the 30 June 2020 year by Northern Star.

	Note	2020 000's	2019 000's
Income Tax expense	1	58,556	72,008
Payroll tax		19,577	11,393
Fringe Benefits Tax		4,162	3,579
Government Royalties		41,948	25,052
Local Government charges		5,529	4,662
Stamp duty	2	-	1,177
<b>Total</b>		<b>129,772</b>	<b>117,872</b>

**2020 Taxes**



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Note:

1. The amounts included in the table above are on a "paid" basis with the exception of minor accruals that reverse month-on-month.
2. Stamp duty incurred on recent acquisitions has not been included in the table as these amounts have not been paid at the balance date. Current estimates, which are provided for in Northern Star's FY20 Financial Statements, are approximately \$45M.

### 4.5 Approach to Tax Strategy and Governance

Northern Star has adopted a Tax Risk Governance Framework. The Company considers that the Tax Corporate Governance Framework is an integral element in maintaining high standards of corporate responsibility and adhering to the principles of Northern Star's Code of Conduct. These principles are reflected in Northern Star's corporate governance standards and policies. The Company's strategy for managing tax risk is as follows:

- To ensure that tax risks are considered as a part of the overall commercial assessment of any transaction.
- To comply with all tax compliance obligations in a timely manner.
- To take a conservative approach to the assessment and management of tax risk with a view to always being considered by tax authorities as low or medium risk (within the Tax Risk Governance Framework).
- Not to participate in tax evasion or to facilitate the evasion of tax by a third party in any way.
- To maintain open and constructive relationships with all relevant tax authorities.
- To protect the reputation of the Company in relation to tax matters.
- To proactively engage and communicate regularly with the Board, the Audit and Risk Committee and others within the Company so as to adopt a "no surprises" approach to the management of tax risk.

The Company manages tax risk within an overall tax risk matrix approved by the Board of Directors. Tax risk reporting, evaluation, escalation and sign-off is clearly identified within the Framework along with the roles and responsibilities of the Company Officers. A tax risk register is maintained by the Company. Reporting and monitoring to the Board and Audit and Risk Committee of the updated risk register occurs at least annually.

### 4.6 Information about international related party dealings

Northern Star has the following international related party dealings for the year ended 30 June 2020.

#### Services

Northern Star's corporate head office (located in Perth, Western Australia) provides administrative and management support services to Pogo (located in Alaska, USA) (the Services). In relation to the Services provided in the year ended 30 June 2020 we note the below:

- The Services have been calculated by apportioning the relevant amount of Northern Star's corporate head office costs that are attributable to Pogo;
- Appropriate margins were applied to the cost of the Services in order to replicate arm's length pricing; and
- A\$8.5M was charged to Pogo (including A\$0.5M of margin) for the Services provided during the year.

#### Loan

During the year ended 30 June 2020, Northern Star provided a loan facility to Pogo for working capital purposes (the Loan). The Loan has a five-year term, a floating interest rate and a maximum limit of \$USD75M. In relation to dealings associated with the Loan during the year ended 30 June 2020, A\$1.9M of interest was charged by Northern Star to Pogo.

Northern Star's Australian and US transfer pricing advisers have reviewed the above arrangements in order to ensure that the methodologies applied by Northern Star are appropriate and in compliance with Australian and US taxation legislation.

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