

TAXATION MATTERS IN RELATION TO MERGER

Section 9 of the Saracen Mineral Holdings Limited (**Saracen**) Scheme Booklet (dated 10 December 2020) provides a general overview of the Australian income tax (including Capital Gains Tax (**CGT**)), Goods and Services Tax (**GST**) and stamp duty implications for certain Australian and foreign resident Saracen Shareholders on implementation of the Scheme, and payment of the fully franked special dividend (**Special Dividend**).

Section 9.2(b) of the Scheme Booklet provides further comments in relation to *Capital proceeds received by Saracen Shareholders*. As detailed in section 9.2(b), Northern Star has undertaken to determine and publish the relevant market value of the Northern Star Shares provided as Scheme Consideration (or part thereof). In this regard, we note that the Australian Taxation Office (**ATO**) provides general guidance in relation to relevant valuation methods. For Merger and/or scrip-for-scrip restructures via a scheme of arrangement, the ATO provide that a 1-day volume weighted average price (**VWAP**) on the implementation date of scheme is a commonly used valuation method.

Northern Star has determined a 1-day VWAP for Northern Star Shares on 12 February 2021 to be **\$12.0871**, which should therefore be the relevant market value of each Northern Star Share provided to Saracen Shareholders in exchange for their Saracen Shares.

We note that Saracen is still awaiting Class Rulings from the ATO which should provide guidance for Saracen Shareholders affected by the Scheme. We expect the Class Rulings to provide further comments on the Scheme Consideration and therefore the capital proceeds received by Saracen Shareholders as part of the Scheme. Therefore, we recommend that Saracen Shareholders have regard for the ATO Class Rulings (once issued). We also recommend that the above comments and the pending Class Rulings be considered in conjunction with expert taxation advice.