

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 three concentrated centres (Kalgoorlie, Jundee and Pogo), is expected to produce a total annual production in Financial Year ending 30 June 2020 of between 800,000 – 900,000 ounces of gold. Northern Star's gold mines include world-class, low-cost, high-grade gold mines, which together have produced over 20 million ounces to date. Northern Star now 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 2019 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 2019 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 2019 reported a profit after tax of A\$175.5 million (2018 - A\$194 million). Income tax expense attributable to the profit from continuing operations is A\$72.0 million (2018 - A\$83.6 million).

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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 2019 Annual Report, available on Northern Star's Company website www.nsr ltd.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 payable, reported on the Company's balance sheet, is calculated by multiplying accounting profit for the year, adjusted for both temporary and non-temporary differences, by the corporate tax rate. Income tax payable represents the actual income tax payable to the Australian Tax Office (ATO).

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 (2019: 30%).

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

Income tax payable	2019 A\$000s	2018 A\$000s
Accounting Profit	247,517	277,772
Income Tax at the statutory rate of 30%	74,255	83,331
Non-temporary differences	(1,643)	500
Temporary differences: deferred tax	(1,940)	(10,220)
Current year tax paid or payable	70,672	73,612

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

Income tax expense	2019 A\$000s	2018 A\$000s
Accounting Profit	247,517	277,772
Income Tax at the statutory rate of 30%	74,255	83,331
Non-temporary differences	(1,643)	500
Adjustment of current tax on prior periods	(604)	(172)
Current year tax expense	72,008	83,659

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 2019 is provided below:

Differences	Description	2019 A\$000s	Effect
Non-temporary differences	Non-deductible expenditure	2,233	Increases Taxable Income
	Share based payments	(2,681)	Decreases Taxable Income
	Franking credits received	(1,196)	Decreases Taxable Income
Temporary differences	Exploration and evaluation expenditure	(2,334)	Decreases Taxable Income
	Mine development costs	(6,281)	Decreases Taxable Income
	Property, Plant and Equipment	4,221	Increases Taxable Income
	Rehabilitation accretion	4,619	Increases Taxable Income

The amounts in the table above are subject to the preparation and lodgment of the 2019 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:

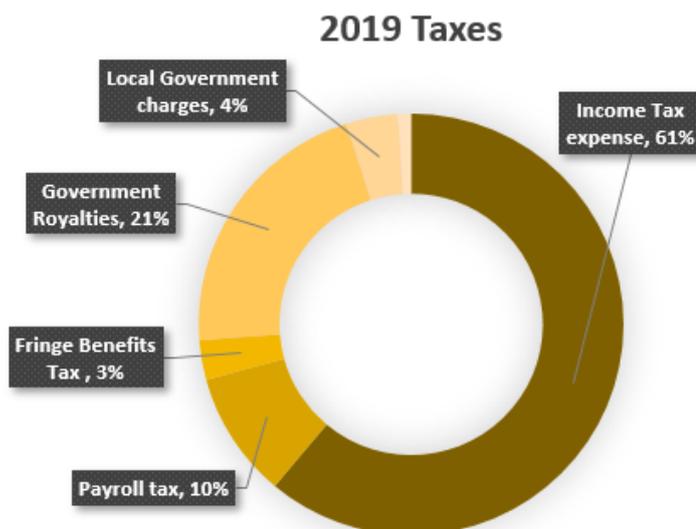
	2019	2018
Effective tax rates	29.09%	30.12%

4.4 Tax Contribution Summary for Corporate Taxes Paid

Northern Star is subject to both state and federal taxes. The table below outlines the major taxes and government charges paid by Northern Star for the current and prior year.

	%	2019
Income Tax expense	61%	72,008
Payroll tax	10%	11,393
Fringe Benefits Tax	3%	3,579
Government Royalties	21%	25,052
Local Government charges	4%	4,662
Stamp duty	1%	1,177
		<u>117,872</u>

	2019 000's	2018 000's
Income Tax expense	72,008	73,440
Payroll tax	11,393	9,460
Fringe Benefits Tax	3,579	2,793
Government Royalties	25,052	23,309
Local Government charges	4,662	4,182
Stamp duty	1,177	3,003
Total	117,872	116,187



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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.

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