

ASX Announcement
25 November 2020

CHAIR'S AGM ADDRESS

Ladies and Gentlemen

Good morning and welcome to the 2020 Annual General Meeting of Northern Star Resources.

I'm Bill Beament, the Executive Chair of your Company.

The past financial year was, by any definition, truly remarkable for your Company. We found ourselves confronted by opportunities and challenges in equal measure, each bringing unique circumstances which tested the skills, resolve, initiative and the entrepreneurial flair of our people across the Group.

And just as FY20 was closing, and it appeared that there was a prospect of "business as usual" returning to Northern Star, we identified an absolutely outstanding opportunity in the form of the merger with fellow gold miner Saracen Mineral Holdings.

This merger, which is subject to the approval of Saracen shareholders, will see your Company become the second-biggest gold producer on the ASX. Along the way, the deal is expected to generate synergies of up to A\$2 billion.

Production of the combined group is forecast to grow by 30 per cent over the next three years with a clear trajectory towards two million ounces a year by FY27. In an industry where flat production is the new growth, this is sure to be the envy of our global peers.

This combination of vast synergies, substantial production increases, long mine lives underpinned by 19Moz of Reserves and 49Moz of Resources and capital-light growth makes this a truly unique transaction. On every level and by every metric, this is a highly compelling deal which will see Northern Star perfectly positioned for outperformance.

In many respects, the path to our merger agreement was paved by our deal 11 months earlier to acquire a half-share of KCGM, owner of the iconic Kalgoorlie Super Pit. The opportunity to buy half of this asset was made particularly attractive by the fact that Saracen had recently acquired the other half of the project.

Upon our purchase of the KCGM interest, the extent of our combined potential became immediately apparent. Our teams, working alongside those at KCGM, initiated a strategic review encompassing all aspects of the business. The outstanding results demonstrated that KCGM has many more very good years to come, with JORC Reserves of 9.7Moz and JORC Resources of 19Moz (compared to previous non-JORC compliant estimates of 6.3Moz and 12Moz respectively). This large inventory is expected to underpin an increase in KCGM's production from a guidance range of 440,000-480,000oz in FY21 to 675,000oz in FY28.

By becoming joint venture partners at KCGM, we quickly realised the enormous opportunities to work closely together not only on this asset, but across all our operations. The benefits of merging our companies were obviously substantial on so many levels, aided by the flexibility which would stem from the close proximity of our respective operations.

As we completed the KCGM acquisition at the start of this calendar year, the COVID-19 pandemic hit. This created significant difficulties for our people and therefore our business. The health and safety of our employees, business partners and the communities in which we operate is and will always be our first priority. As a result, we implemented a range of measures to protect our people and maximise our ability to continue operating, albeit in some cases at reduced rates.

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Our management, employees, business partners and medical teams have done an extraordinary job of keeping everyone safe, with all those infected recovering fully and back to work while maintaining reduced production activities.

The benefits of the KCGM acquisition, which took effect from January 1, 2020, were already evident in our outstanding financial results for the past financial year, with underlying net profit after tax rising 69% to a record A\$291.0 million. Statutory net profit after tax rose 67% to a record A\$258.3 million and underlying free cashflow surged by A\$277 million, or 190%, to A\$423.1 million.

The FY20 final dividend increased 27% to A9.5¢ per share, taking the full-year payout to A17¢ per share, fully-franked. In addition, the Company declared a special fully-franked dividend of A10¢ a share, taking total payments to shareholders of A\$200 million. This reflected Northern Star's strong financial and operating position as well as the Board's underlying belief that with our exploration and growth programs well-funded, the surplus cash should be returned to shareholders.

With the new financial year well underway, our KCGM acquisition bedded down and the proposed merger with Saracen proceeding to plan, I believe our business is extremely well positioned for further growth in cashflow on the back of our increasing production profile and our leveraged exposure to the strong gold price.

In addition to the growth being generated at KCGM, we continue to make strong progress with our strategy at Pogo, where the introduction of a new mining method is delivering significant benefits, albeit restricted by the COVID-19 measures at this stage. And we believe there is substantial growth to come at our Yandal operations, where we will integrate the Jundee and Bronzewing assets.

While our assets are world-class and our growth profile is strong, it must be remembered that our business is only as good as our people, particularly in times such as these. I would like to thank all our staff, the Board, contractors, local stakeholders and business partners for their dedication to the task as we seek to manage the challenges and seize the opportunities.

Finally, I would like to thank our shareholders for your support as we have sought to capitalise on the good and manage the not-so-good of the past year.

I wish you and your families a safe and merry Christmas and I look forward to reporting to you as we continue implementing our strategy for growth and outperformance.

Authorised for release to ASX by Bill Beament, Executive Chair.

Investor Relations Enquiries:

Rebecca Ciotti
Northern Star Resources Limited
T: +61 8 6188 2100
E: info@nsrltd.com

Media Enquiries:

Paul Armstrong
Read Corporate
T: +61 8 9388 1474
E: paul@readcorporate.com.au