



NORTHERN STAR
RESOURCES LIMITED

Northern Star pours 18,000oz in Q2 despite shortage of crucial supplies

Highlights

- ▶ **December Quarter at Paulsens**
 - 18,587oz gold sold
 - 18,236oz gold mined
 - 17,957oz gold poured
 - \$25m revenue
- ▶ **December Month at Paulsens**
 - 6,526oz mined from underground
 - 4,898oz poured
 - 3,866oz gold recovered
 - 3,089oz sold for revenue of \$4.3m
- ▶ **11,057oz contained in stockpiles, gold in circuit and gold in transit**
- ▶ **Outstanding royalty payments cut to \$5.0m; \$7.8m in cash and bullion on hand, debt free and un-hedged**
- ▶ **Significant exploration success in December with Voyager 1 extended and high-grade offset defined**

ASX ANNOUNCEMENT
12 JANUARY 2011

Australian Securities Exchange
Code: NST

Board of Directors

Mr Chris Rowe
Non-Executive Chairman

Mr Bill Beament
Managing Director

Mr Michael Fotios
Non-Executive Director

Mr Peter Farris
Non-Executive Director

Ms Karen Brown
Company Secretary

Issued Capital

Shares
298 M

Options 79M (\$6.4M Funding)

Current Share Price
\$0.38

Market Capitalisation
\$113 million

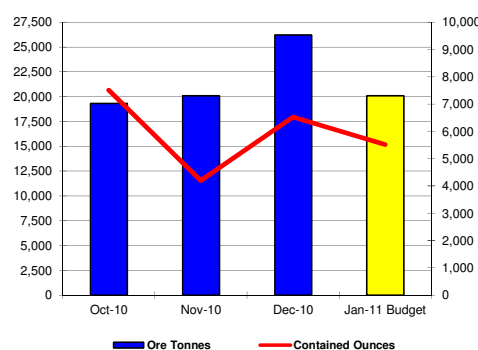
Projects

Paulsens
Golden Crown
Range
Emull

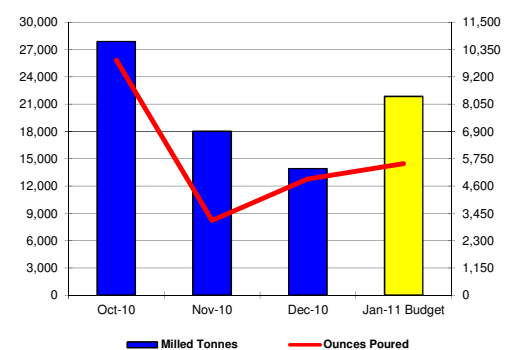
Commodities

gold
gold
gold, silver
Zn, Cu, gold

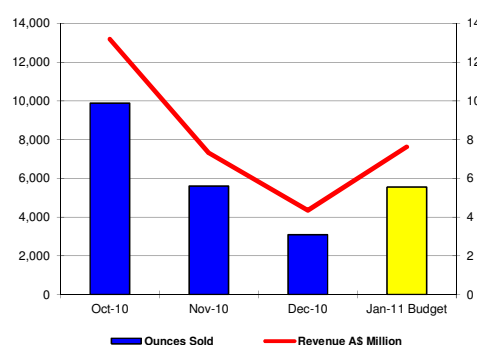
Operations - Underground



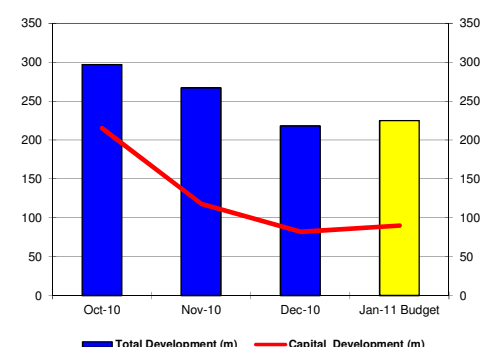
Operations - Processing



Gold Sales & Revenue



Operations - Development



Paulsens December 2010 - Key Performance Figures

Paulsens	Units	Oct-10	Nov-10	Dec-10	Jan-11 Bud
Ore hoisted	Tonnes	19,322	15,728	21,262	18,600
Mined grade	g/t Au	12.1	7.8	9.0	9.1
Gold in ore hoisted	Oz	7,509	3,962	6,164	5,420
Low grade hoisted	Tonnes		4,364	4,957	1,500
Grade	g/t Au		1.7	2.3	2.0
Gold in low grade	Oz		239	362	96
Total ore hoisted	Tonnes	19,322	20,092	26,219	20,100
Mined Grade	g/t Au	12.1	6.5	7.7	8.5
Gold in ore hoisted	Oz	7,509	4,201	6,526	5,516
Milled Tonnes	Tonne	27,896	18,016	13,909	21,850
Head grade	g/t Au	10.2	8.2	9.3	8.5
Ounces Produced	Oz	9,123	4,773	4,173	5,996
Recovery	%	95.2	87.9	92.6	92.5
Gold Recovered	Oz	8,681	4,194	3,866	5,547
Ounces Poured	Oz	9,906	3,153	4,898	5,547
Ounces Sold	Oz	9,889	5,609	3,089	5,547
Average gold price	A\$/oz	1,334	1,304	1,407	1,375
Revenue	A\$Million	13.2	7.3	4.3	7.6
Ore high grade stockpile	Tonnes	12,715	14,571	25,084	
Stockpile grade	g/t Au	10.9	9.0	8.0	
Contained gold in stockpile	Oz	4,472	4,195	6,472	
Ore low grade stockpile	Tonnes	17,588	17,334	18,038	
Stockpile grade	g/t Au	2.0	2.0	2.0	
Contained gold in low grade stockpile	Oz	1,142	1,126	1,160	
Total Stockpiles contained gold	Oz	5,614	5,321	7,632	
Gold in circuit (GIC)	Oz	1,609	2,649	1,617	
Gold in transit (GIT)	Oz	1,727		1,808	

Northern Star Resources (ASX:**NST**) is pleased to advise that it has posted strong production results for the December Quarter despite the impacts of a fire on site and a shortage of crucial processing supplies.

The Company overcame these temporary setbacks at its Paulsens Gold Mine in WA, which resulted in the processing plant being offline for a month, to pour 17,957oz in the quarter. Sales in the three months totalled 18,587oz, generating revenue of \$25 million.

Northern Star now has \$7.8 million in cash and bullion, no bank debt and is unhedged, leaving it ideally placed to grow its balance sheet further. It owes just \$5 million in production-based royalty payments on the \$40 million acquisition of Paulsens.

Production in the month of December was again impacted by the State-wide shortage of liquid oxygen, which resulted in the Paulsens plant being offline for more than a fortnight. This happened when the stoping grades were around 15g/t, so Northern Star took the prudent decision to stand-down the processing plant until a delivery of liquid oxygen was received rather than allow gold and revenue to be lost.

Supplies of liquid oxygen returned to normal in early January.

However, despite the impact of this shortage, the Company still poured 4,898oz during December and at the end of the month had 11,057oz contained in stockpiles, gold in circuit and gold in transit. Thanks to Northern Star's unhedged position, it sold 3,089oz at an average gold price of A\$1,407 per ounce, generating revenue of \$4.3 million.

The large amount of gold in stockpiles reflects the fact that mining continued while the plant was shut down, meaning the impact of the issue on Paulsens over the medium term will be minimal as this ore is processed.

Mining at Paulsens in the month of December produced 6,526oz from 26,219 tonnes at 7.7g/t, including 4,957 tonnes of low grade ore at 2.3g/t. 18,236oz was mined for the quarter.

Paulsens also returned excellent exploration results in December, with numerous significant Voyager 1 intersections up to 98g/t, extending the depth of the known mineralisation (see ASX announcement dated December 10, 2010).

Further to this, a new high-grade zone has been discovered in the offset limb of the Voyager 1 lode (see ASX announcement dated December 22, 2010).

Both results are highly significant because they further indicate the potential for mining to continue well beyond the Stage One plan and will be included in the resource update and a Stage 2 mine plan due in the March 2011 quarter.

Northern Star Managing Director Bill Beament said the Company used the disruptions in the December quarter to build surface stockpiles, setting a strong foundation for production in 2011.

"These results, which came in the face of adverse events outside our control, are testimony to the strength of the Paulsens Project and the skills of our team," Mr Beament said. "With these matters now resolved and our stockpiles heavily loaded, we are set for a bumper start to the new year."

Yours faithfully,



Bill Beament
Managing Director
Northern Star Resources Ltd

Competent Persons Statements

The information in this announcement that relates to exploration results, data quality, geological interpretations and potential for eventual economic extraction, is based on information compiled by or under the supervision of Brook Ekers, (Member AIG), who is a full-time employee of Northern Star Resources Ltd. Mr. Ekers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Ekers consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

Some of the information contained in this Announcement has been obtained from third parties and has not been independently verified by NST. In particular the financial projections model on which the forward looking statements included in this Announcement has not been prepared by the Company and the Company has not undertaken any verification of the model. The Company takes no responsibility and is not liable for the projections in any way. Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward looking statements included in this announcement, undue reliance should not be placed on these statements. Nothing contained in this Announcement is a promise or representation as to the future. No assurance or representation is made by any person that any forecast or projection will be achieved. Accordingly, investors must make their own investigations and inquiries regarding all assumptions, uncertainties and contingencies, which may affect the future operations of the Company."