

Major resource upgrade underpins long, highly profitable future for Paulsens

Northern Star set to post \$30m cash surplus in 2011

Highlights

- ▶ Paulsens resource estimate increases to 226,000oz
- ▶ 2011 mine plan provides for production of 60,000-75,000oz, generating surplus cash of \$20M-\$40M
- ▶ New resource underpinned by larger-than-expected Voyager 1 lode
- ▶ Voyager 2 lode has additional exploration target of 100-250,000oz¹
- ▶ 65,000oz Paulsens open pit resource shows strong potential to complement underground production
- ▶ Northern Star's total resource base now exceeds 927,500oz, including the recently acquired Ashburton Gold Project in WA
- ▶ New exploration strategy underway on Ashburton
- ▶ Company's future now underwritten by substantial mine life, strong cashflow, outstanding exploration upside

Northern Star Resources (ASX: **NST**) is pleased to announce that the resource inventory at its Paulsens Gold Mine in WA has increased to 226,000 ounces (refer table 1), while a new 2011 mine plan has concluded that the Company is set to generate between \$20 and \$40 million of surplus cash this year.

The increased resource figure, which compares with the previous estimate of 128,700oz, (Nov 2009 - Voyager 1 only, refer table 2) comes despite Northern Star mining 71,000oz at Paulsens during 2010. This represents a 122% increase in resources year on year.

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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
300 M
Options 78M (\$6.3M Funding)

Current Share Price
\$0.425

Market Capitalisation
\$127 million

Projects

Paulsens
Ashburton
Golden Crown
Range
Emul

Commodities

gold
gold
gold
gold, silver
Zn, Cu, gold

The new 226,000oz resource estimate (table 1) includes the 120,200oz Voyager 1 lode, 30,200oz of remnant mineralisation in previously mined shallower Paulsens lodes, 64,500oz from the recently completed Paulsens open pit optimisation study and 11,100oz in stockpiles (figure 1).

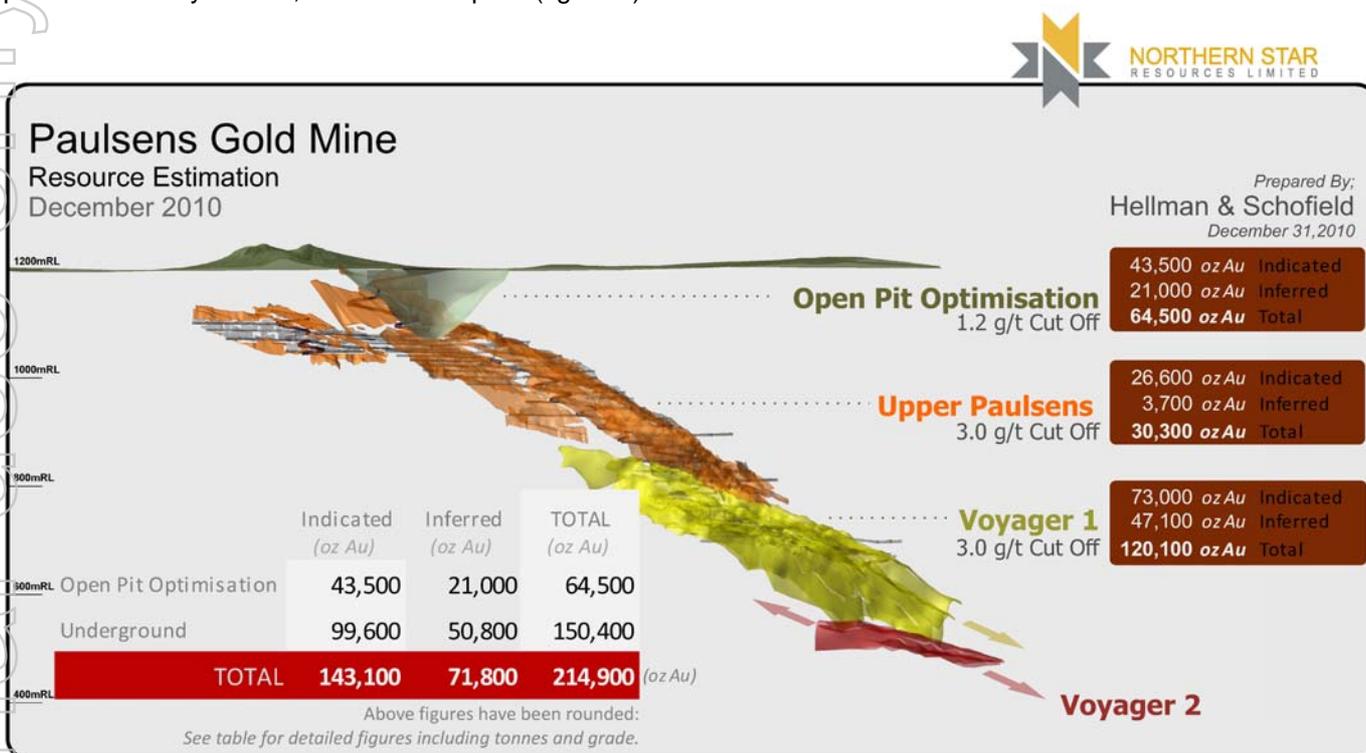


Figure 1 - Paulsens Resources as @ 31 December 2010

31 December 2010	Indicated		Inferred		Total		
	Tonnes (,000)	Grade (g/t)	Tonnes (,000)	Grade (g/t)	Tonnes (,000)	Grade (g/t)	Oz Au (,000)
Open Pit	471	2.9	200	3.3	671	3.0	64.5
Paulsens Upper Levels	110	7.5	23	5.0	133	7.1	30.2
Voyager 1	230	9.9	234	6.3	464	8.1	120.2
Paulsens Stockpiles	43	5.5			43	5.5	7.6
GIC and CIT ²							3.4
Total	811	5.5	457	4.9	1268	5.3	226

Table 1 - Paulsens Resources @ 3.0g/t Au Lower Cut-Off Underground and 1.2g/t Au Lower Cut-Off Open Pit (Rounding errors apparent,²GIC/GIT represent gold in circuit and transit)

This increased resource estimate excludes the Voyager 2 lode at Paulsens, which Northern Star discovered last year. The Company believes Voyager 2 has the exploration "target" potential to add a further 100,000-250,000oz¹ based on the outstanding drilling results achieved so far. Later in 2011, the Company expects to be in a better position to define a maiden resource for Voyager 2.

The 2011 mine plan forecasts that Paulsens will produce between 60,000 and 75,000oz this calendar year, enabling Northern Star to record surplus cashflow of between \$20 million and \$40 million at a gold price of A\$1,400/oz gold.

Over the past six months, Northern Star has achieved significant exploration success in the Voyager 1 lode (see previous ASX announcements for details), where it has been extended down dip substantially. This success has enabled the Company to prove up more immediate mining inventory from Voyager 1, which is the basis of current production.

Due to the exploration success at Voyager 1, underground drilling over the past three months has focused on grade control drilling to increase the mining inventory, while also exploring the down-dip extent of this mineralisation, which remains open at depth.

As all drilling capacity was focused on the Voyager 1 lode, Northern Star placed the Voyager 2 exploration drill program on hold. The Company expects to recommence this program during March and follow up the significant results achieved to date, including previously reported intercepts of 2m at 40.5g/t, 2.8m at 16.7g/t and 2m at 23.3g/t. This early success in Voyager 2 shows analogous results to Voyager 1 when it emerged as an exploration target in 2009 and where more than 190,000oz has been defined to date.

Northern Star's total resource base now stands at 927,500oz. This includes the 668,000oz (refer table 3) resource contained at the Ashburton Gold Project in WA, which Northern Star acquired last month. Work on an exploration strategy for the Ashburton project is underway.

Northern Star last week repaid the remaining \$2.5 million of debt relating to the Paulsens acquisition. The Company is now debt free, unhedged and operating on the newly defined 2011 mine plan. The 2011 mine plan has been extracted only from the updated Voyager 1 resource, leaving significant potential to review production opportunities for the 64,500oz open pit and 30,200oz upper levels resource.

Northern Star Managing Director Bill Beament said the revised resource figure and mine plan provided compelling evidence that the Company's future was extremely bright.

"Northern Star now has monthly production of about 6000oz, generating surplus cashflow of about \$3 million, and no debt," Mr Beament said. "With the increased mine life at Paulsens, as well as the outstanding exploration upside at both Voyager 1 and Voyager 2, the Company is perfectly poised to embark on its next chapter of growth."

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, potential for eventual economic extraction and estimates of exploration potential, 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".

The information in this report that relates mineral resource estimation for Paulsens is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Hellman & Schofield were not required to review the quality of the sampling data, or geological interpretation as Northern Star are accepting responsibility for these aspects of the estimates. Mr Abbott 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 Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the Ashburton gold project, mineral resource estimation, exploration results, data quality, geological interpretations and potential for eventual economic extraction, is based on information compiled by or under the supervision of Mike Doepel, (Member AusIMM), who is a full-time employee of Sipa Resources Limited. Mr Doepel have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Doepel consent 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

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¹ Exploration Potential

The information in this announcement that relates to exploration and production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The information on exploration targets in this presentation are based on a conceptual range of targets as follows:

Tonnage range: 350,000 to 600,000 tonnes
Grade range: 9 g/t Au to 13 g/t Au
Ounces: 100,000 to 250,000

Indicated Resources			Inferred Resources			Totals		
Tonnes kt	Grade Au g/t	Total Au koz	Tonnes kt	Grade Au g/t	Total Au koz	Tonnes kt	Grade Au g/t	Total Au koz
204	13.7	89.7	110	11.0	39	314	12.8	128.7

Table 2 - Paulsens Voyager 1 Resources @ 4.0g/t Au Lower Cut-Off (November 2009)

	Measured			Indicated			Inferred			Total		
	Tonnes (,000)	Grade (g/t)	Oz Au (,000)									
Oxide and Transitional	611	2.40	47	342	2.52	28	237	2.28	18	1,189	2.41	92
Sulphide	901	2.83	82	1,070	2.66	92	3,984	3.14	402	5,956	3.01	576
Total	1,512	2.66	129	1,412	2.63	119	4,221	3.09	420	7,145	2.91	668

Table 3 - Ashburton Resources @ 0.9g/t Au Lower Cut-Off