

For personal use only

Northern Star Resources Ltd

ABN 43 092 832 892

Interim Financial Report

for the

Half-Year ended 31 December 2010

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2010 and any public announcements made by Northern Star Resources Ltd during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Northern Star Resources Ltd

ABN 43 092 832 892

Directors' Report

The Directors of Northern Star Resources Ltd submit herewith the financial report for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of directors of the Company during the whole of the half-year and up to the date of this report are:

Name	Position
Christopher K G Rowe	Non-executive Chairman
William J (Bill) Beament	Managing Director
Michael G Fotios	Non-Executive Director
Peter C P Farris	Non-Executive Director

Operating Results

The net profit of the Company for the period, after provision for income tax amounted to \$5,041,590 (2009: loss \$1,159,001).

Review of Operations

On 30 July 2010, the acquisition from Intrepid Mines Limited of the Paulsens Gold Mine in Western Australia's Pilbara region was completed. This acquisition, which was approved by shareholders at a general meeting held on 26 July 2010, provided an immediate entry to the Australian gold business.

The total acquisition cost of up to \$40 million was settled under a program of staged payments comprising an initial payment of \$15 million, 2 instalments of \$1.5 million and royalty payments of \$335/ounce (up to a maximum of 51,000 ounces) with further top up payments of \$2.5 million to be made when gold production totals 57,500 ounces and 62,500 ounces.

Funding of the transaction was by means of a package of debt financing (comprising a hedge facility of \$10 million and a working capital facility of \$5 million) and equity finance and from cash flow. A total of \$35 million had been paid to Intrepid by 31 December 2010 with the performance based final payments totalling \$5 million settled prior to the date of this report. The final repayment of the \$15 million debt facility was made in November 2010.

Despite interruptions to operations caused by a fire at the site's power station and by a state-wide shortage of liquid oxygen, the Paulsens Gold Mine poured 48,559 ounces of gold (including July gold poured of 10,546 ounces) during the half year to 31 December 2010. Gold sold was 48,796 ounces (including July gold sales of 9,845 ounces). Extensive resource definition and exploratory drilling have been conducted with a view to significantly extending mine life.

Included in the assets on acquisition of the Paulsens Gold Mine were interests in several exploration projects including an 80% interest in the Hardey Junction Joint Venture and a 20% free-carried interest in the Mt Clement Joint Venture.

During the half year the Company commenced exploration work on the newly acquired Cheroona and Beatty Park copper/gold projects in the Murchison region of Western Australia and continued review and evaluation of the existing Kimberley projects. In addition the Company continued to review new project opportunities and in February 2011, the Company acquired the Ashburton Project (including the Mt Olympus Gold Mine) from Sipa Resources Limited, significantly increasing the Company's inventory of mineral assets.

Principal Activities

The principal activities of the Company in the course of the half year were gold mining and development, mineral exploration and investment.

Dividends

No dividends have been provided for or paid by the Company during the half year.

Northern Star Resources Ltd

ABN 43 092 832 892

Directors' Report

Changes In State Of Affairs

Other than as stated above in the review of operations, there was no significant change in the entity's state of affairs during the half year ended 31 December 2010.

Subsequent Events

Subsequent to balance date, the Company cleared the remaining performance based payments relating to the acquisition of the Paulsens Gold Mine, including paying Intrepid the final two payments of \$2.5 million each in February 2011.

On 14 January 2011, 1,466 options were exercised at 5 cents per option, 1,466 options were exercised at 10 cents per option and 670,000 director's incentive options were exercised at 2.5 cents per option.

On 28 February 2011, 572,998 options were exercised at 5 cents per option and 592,264 options were exercised at 10 cents per option.

The Company entered into an option agreement to acquire the Ashburton Project from Sipa Exploration NL. This option was exercised on 17 February 2011, and payment will be made via a royalty on future production.

No other matter or circumstance has arisen since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the period ended 31 December 2010.

Auditor's Independence Declaration

The following is a copy of a letter received from the Company's auditors:

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To the directors of Northern Star Resources Ltd

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2010 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Graham R Swan (Lead auditor)
Rothsay Chartered Accountants

Dated 16 March 2011

This report is made in accordance with a resolution of the directors.

On behalf of the directors



Bill Beament
Managing Director
PERTH, this 16th day of March 2011

ROTHSAY

96 Parry Street, Perth WA 6000 P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9227 0552 www.rothsay.com.au

Independent Review Report to the Members of Northern Star Resources Ltd

The financial report and directors' responsibility

The interim financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Northern Star Resources Ltd for the period ended 31 December 2010.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Northern Star Resources LTD, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Northern Star Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position of the company as at 31 December 2010 and of its performance for the period ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


Rothsay


Graham R Swan
Partner

Dated 16 March 2011



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

For personal use only

Northern Star Resources Ltd

ABN 43 092 832 892

Directors' Declaration

For The Half-Year Ended 31 December 2010

The directors declare that:

In the director's opinion,

- (a) the attached half year financial report is in accordance with the Corporations Act 2001, and
- (b) The attached financial report complies with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (c) The attached financial report gives a true and fair view of the entity's financial position as at 31 December 2010 and its performance for the half year ended on that date; and
- (d) there are reasonable grounds to believe that Northern Star Resources Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Bill Beament
Managing Director

PERTH, 16th day of March 2011

Northern Star Resources Ltd

ABN 43 092 832 892

Statement of comprehensive income

For The Half-Year Ended 31 December 2010

	Note	Half-year ended 31 Dec 2010 \$'000	Half-year ended 31 Dec 2009 \$'000
Revenue from continuing operations	2	51,908	-
Mine operating costs		(18,071)	-
Gross profit		33,837	-
Other revenue	2	2,383	4
Royalty expense		(14,199)	-
Share based payments		-	(743)
Depreciation and amortisation		(14,316)	(11)
Exploration write off and provision		(340)	(34)
Loss on disposal of asset		-	(2)
Other Expenses		(2,029)	(373)
Fianance costs	3	(295)	-
Profit/(Loss) before income tax		5,041	(1,159)
Income tax expense		-	-
Profit/(Loss) for the half year		5,041	(1,159)
Other comprehensive income		-	-
Total comprehensive income		5,041	(1,159)
(Loss) Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share	10	\$0.03	\$(0.0086)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Northern Star Resources Ltd

ABN 43 092 832 892

Statement of financial position

As at 31 December 2010

	Note	Half-year ended 31 Dec 2010 \$'000	Annual Report 30 June 2010 \$'000
Current Assets			
Cash and cash equivalents	4	5,481	1,095
Trade and other receivables		3,407	144
Inventory	5	5,893	-
Total Current Assets		14,781	1,239
Non-Current Assets			
Other financial assets	6	480	-
Trade and other receivables		17	33
Property, plant & equipment		1,698	6
Other - exploration tenements		8,827	4,503
Total Non-Current Assets		11,022	4,542
Total Assets		25,803	5,781
Current Liabilities			
Trade and other payables		7,712	697
Provisions	7	257	-
Other liabilities	8	33	-
Total Current Liabilities		8,002	697
Non-Current Liabilities			
Provisions	7	3,407	-
Other liabilities	8	63	-
Total Non-Current Liabilities		3,470	-
Total Liabilities		11,472	697
Net Assets		14,331	5,084
Equity			
Contributed equity	9	17,772	13,349
Reserves		373	590
Accumulated losses		(3,814)	(8,855)
Total Equity		14,331	5,084

The above statement of financial position should be read in conjunction with the accompanying notes.

Northern Star Resources Ltd

ABN 43 092 832 892

Statement of Changes in Equity

For the half- year ended 31 December 2010

Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2009	10,823	273	(7,574)	3,522
Total comprehensive income for the half year	-	-	(1,159)	(1,159)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	866	-	-	866
Share based payments	-	743	-	743
Transfer from option reserve	-	-	-	-
Balance at 31 December 2009	11,689	1,016	(8,733)	3,972

Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2010	13,349	590	(8,855)	5,084
Total comprehensive income for the half year	-	-	5,041	5,041
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	4,114	-	-	4,114
Share based payments	-	92	-	92
Transfer from option reserve	309	(309)	-	-
Balance at 31 December 2010	17,772	373	(3,814)	14,331

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Northern Star Resources Ltd

ABN 43 092 832 892

Statement of Cash Flows

For The Half-Year Ended 31 December 2010

	Half-year ended 31 Dec 2010 \$'000	Half-year ended 31 Dec 2009 \$'000
Cash Flows from Operating Activities		
Receipts from product sales and related debtors	57,515	-
Payments to suppliers (inclusive of goods and services tax)	(20,358)	(521)
Net Cash (Outflow) from Operating Activities	37,157	(521)
Cash Flows from Investing Activities		
Payments for property, plant & equipment	(663)	(5)
Sale of property, plant & equipment	-	37
Interest received	95	4
Finance costs	(307)	-
Exploration	(273)	(57)
Development	(1,833)	-
Acquisition of mine site	(33,527)	-
Net Cash (Outflows) from Investing Activities	(36,508)	(21)
Cash Flows from Financing Activities		
Net proceeds from issue of shares and options	4,114	779
Payments for security deposits	(480)	-
Loan proceeds	15,106	14
Loan repayments	(15,003)	(143)
Net Cash Inflow from Financing Activities	3,737	650
Net Increase (Decrease) In Cash and Cash Equivalents	4,386	108
Cash and Cash Equivalents at beginning of half year	1,095	152
Cash and Cash Equivalents at end of half year	5,481	260

The above statement of cash flows should be read in conjunction with the accompanying notes.

Northern Star Resources Ltd

ABN 43 092 832 892

Notes to the Financial Statements

For the Half-Year ended 31 December 2010

1. Summary of significant accounting policies

a. Basis of Preparation of Half-Year Financial Statements

This general purpose financial report for the half-year ended 31 December 2010 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: *Interim Financial Reporting*.

The half-year financial statements have been prepared in accordance with the historical cost basis. All values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

This half-year report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2010 and any public announcements made by Northern Star Resources Ltd during the half-year in accordance with the continuous disclosure requirements of the Corporations Act, 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period unless otherwise stated.

b. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties. The Company recognises revenue when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue can be reliably measured, and the associated costs and possible return of goods can be estimated reliably, and it is probable that future economic benefits will flow to the Company.

Interest income is recognised on a time proportionate basis using the effective interest method.

c. Inventories

Raw materials and stores, ore stockpiles, work-in-progress and finished gold stocks are valued at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure relating to mining activities, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

d. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

e. Provisions

Provisions, including those for rehabilitation and restoration costs, are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as interest expense.

Northern Star Resources Ltd

ABN 43 092 832 892

Notes to the Financial Statements

For the Half-Year ended 31 December 2010

1. Summary of significant accounting policies (continued)

f. Other Changes in Accounting Policy

The following amending standards have been adopted from 1 July 2010:

- AASB 1048 Interpretation of Standards
- AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process
- AASB 2009-8 Amendments to Australian Accounting Standards Group Cash-Settled Share-based Payment Transactions
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Projects

The Company has elected not to early adopt any new standards or amendments.

g. Going concern

The financial report has been prepared on a going concern basis which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business.

	Half-year ended 31 Dec 2010 \$'000	Half-year ended 31 Dec 2009 \$'000
2. Revenue		
Sales Revenue		
Sale of gold	51,857	-
Sale of silver	51	-
	<hr/> 51,908 <hr/>	<hr/> - <hr/>
Other Revenue		
Interest revenue	95	4
Net benefit received	2,288	-
	<hr/> 2,383 <hr/>	<hr/> 4 <hr/>
3. Finance costs		
Interest paid	8	-
Borrowing costs	287	-
	<hr/> 295 <hr/>	<hr/> - <hr/>

	Half-year ended 31 Dec 2010 \$'000	Annual Report 30 June 2010 \$'000
4. Reconciliation of cash		
For the purposes of this statement of cash flows, cash includes		
Cash at the end of the half-year as shown in the		
statement of cash flows is reconciled to the related items		
in the accounts as follows:		
Cash on hand and at bank	5,447	132
Deposits at call	34	963
	<hr/> 5,481 <hr/>	<hr/> 1,095 <hr/>

Northern Star Resources Ltd

ABN 43 092 832 892

Notes to the Financial Statements

For the Half-Year ended 31 December 2010

	Half-year ended 31 Dec 2010 \$'000	Annual Report 30 June 2010 \$'000		
5. Inventory				
Inventory at the end of the half-year is as follows:				
Consumables	652	-		
Diesel stock	101	-		
Price variance	(2)	-		
Ore Stock	3,347	-		
Gold in circuit	1,795	-		
	5,893	-		
6. Other Financial assets				
Interest bearing security deposits	480	-		
7. Provisions				
Current provisions				
Employee benefits - annual leave	257	-		
Non-Current provisions				
Employee benefits – long service leave	121	-		
Provision for rehabilitation	3,286	-		
	3,407	-		
8. Other liabilities				
Current	33	-		
	33	-		
Non current	63	-		
	63	-		
9. Equity Securities Issued				
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	Shares	Shares	\$	\$
Movements in issued capital				
Opening Balance	205,902,801	99,260,631	13,349,124	10,822,898
Issued during the half-year:				
Debt to equity	-	7,000,000	-	87,500
Rights acceptances	-	38,523,630	-	481,545
Rights shortfall	-	9,980,645	-	124,758
Placement	52,790,000	15,000,000	2,639,500	187,500
Exercise of options	39,532,161	-	2,800,234	-
Closing Balance at end of half year	298,224,962	169,764,906	18,788,858	11,704,201
Less: Cost of issue	-	-	(1,016,513)	(14,712)
As per Balance Sheet	298,224,962	169,764,906	17,772,345	11,689,489

Northern Star Resources Ltd

ABN 43 092 832 892

Notes to the Financial Statements

For the Half-Year ended 31 December 2010

	Half-year ended 31 Dec 2010	Half-year ended 31 Dec 2009
10. Earnings per share		
Basic earnings per share – dollars	\$0.03	\$(0.0086)
Diluted earnings per share is not materially different from Basic earnings per share		
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	161,824,400	134,927,233

11. Segmental information

The Company operates only in Australia and predominantly in the area of mining and mineral exploration in Western Australia.

12. Subsequent Events

Subsequent to balance date, the Company cleared the remaining performance based payments relating to the acquisition of the Paulsens Gold Mine, including paying Intrepid the final two payments of \$2.5 million each in February 2011.

On 14 January 2011, 1,466 options were exercised at 5 cents per option, 1,466 options were exercised at 10 cents per option and 670,000 director's incentive options were exercised at 2.5 cents per option.

On 28 February 2011, 572,998 options were exercised at 5 cents per option and 592,264 options were exercised at 10 cents per option.

The Company entered into an option agreement to acquire the Ashburton Project from Sipa Exploration NL. This option was exercised on 17 February 2011, and payment will be made via a royalty on future production.

No other matter or circumstance has arisen since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the period ended 31 December 2010.

13. Commitments for Expenditure (Contingent Liability)

Mineral Tenement Leases

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the WA State Government. The estimated exploration and joint venture expenditure commitments for the ensuing year, but not recognised as liability in the financial statements amount to \$749,840. This expenditure will only be incurred should the Company retain its existing level of interest in its various exploration areas and provided access to mining tenements is not restricted.

14. Contingent liabilities and assets

The Company has served a claim for damages resulting from a loss of power over several days, and has made a claim against insurance. Given the uncertainty of the total amount receivable, this amount has not been accrued for during the period.

The Company has made a claim against insurance for the disruption to the supply of liquid oxygen. Given the uncertainty of the total amount receivable, this amount has not been accrued for during the period.