



NORTHERN STAR
RESOURCES LIMITED

ASX Code: NST



PROUD SPONSOR & PRESENTER

2016

Diggers & Dealers
Mining Forum

25th anniversary
celebration

1st to 3rd August 2016, Kalgoorlie Western Australia

Northern Star Resources – Diggers and Dealers 2016
An Australian gold miner – for global investors

August 2016

Competent Persons Statements

- * The information in this announcement that relates to data quality, geological interpretations and Mineral Resource estimations for the Company's Paulsens, Ashburton, Jundee and Plutonic Project areas is based on information compiled by Brook Ekers (Member Australian Institute of Geoscientists), who is a full-time employee of Northern Star Resources Limited. 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" for the Group reporting. Mr. Ekers consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.
- * The information in this announcement that relates to exploration results, data quality, geological interpretations and Mineral Resource estimations for the Company's Kanowna, EKJV, Kundana and Carbine Project areas is based on information compiled by Nick Jolly and fairly represents this information. Mr. Jolly is a Member of the Australian Institute of Mining and Metallurgy who is a full-time employee of Northern Star Resources Limited who 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Jolly consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.
- * The information in this announcement that relates to Ore Reserve estimations for the Company's Project areas is based on information compiled by Jeff Brown and fairly represents this information. Mr. Brown is a Member of the Australian Institute of Mining and Metallurgy who is a full-time employee of Northern Star Resources Limited and 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Brown consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.
- * The information in this announcement that relates to the Central Tanami Gold Project is extracted from the Tanami Gold NL ASX announcement entitled "Quarterly Report for the Period Ending 31 March 2014" released on 1 May 2014 and is available to view on www.tanami.com.au.
- * The information in this announcement that relates to mineral resource estimations, data quality, geological interpretations and potential for eventual economic extraction for the Groundrush deposit at the is Central Tanami Gold Project based on information compiled by Brook Ekers (Member Australian Institute of Geoscientists), who is a full-time employee of Northern Star Resources Limited. 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" for the Group reporting. Mr. Ekers consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.
- * The Company confirms that it is not aware of any further new information or data that materially affects the information included in the original market announcement entitled "Quarterly Report for the Period Ending 31 March 2014" released on 1 May 2014 and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. To the extent disclosed above, the Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Forward Looking Statements

- * Northern Star Resources Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Northern Star Resources Limited, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.
- * All currency conversions in this presentation have been converted at a currency of AUD/USD conversion rate of A\$0.7285

Introduction - Third biggest Australian listed Gold Miner



- ✦ We are the third-biggest gold miner on the Australian stock exchange by both market cap and production; now in ASX100
- ✦ Strong balance sheet; no debt; A\$326M in cash & equivalents 30 June 2016
- ✦ Market cap is A\$3.3B and a Top 25 global producer; +500kozpa at AISC of <A\$1,050/oz
- ✦ Strong organic growth outlook; Production set to reach 600kozpa in 2018
- ✦ Plus 200kozpa concentrated centres simplifies the business
- ✦ Rising gold price with substantial production growth, flat cost environment & no debt delivers significant increases in free cashflow
- ✦ Track record of fully-franked dividends
- ✦ We are governed by the adage “a business first and a mining company second”





Key Resources Outcome

**Total Reserves
increased by 33% to
2Moz**

**Measured and
Indicated Resources
increase 520koz to
4.9Moz**

**Reserve discovery
cost of A\$50/oz
achieved in FY16**

Key Financial Outcomes

**NPAT up 65% to
A\$151.4M**

**Underlying free cash
flow of A\$224.3M**

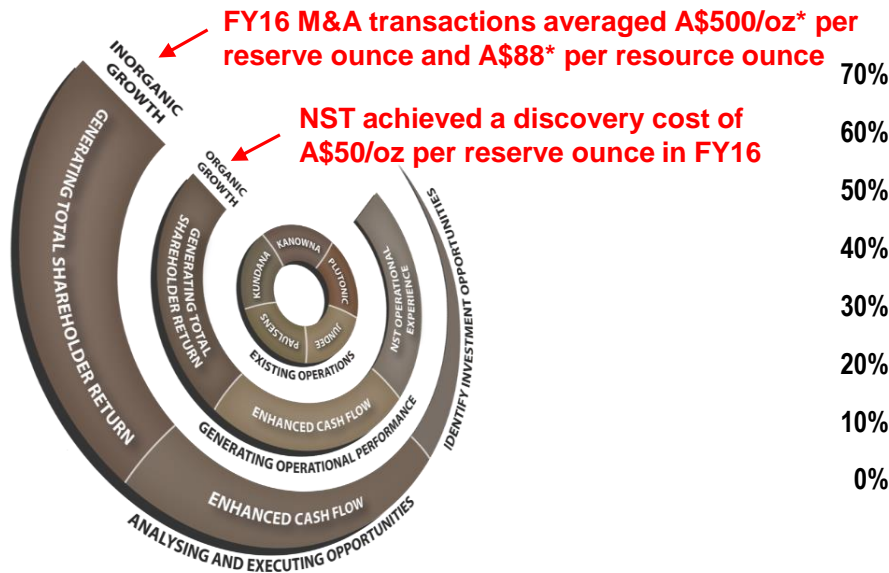
**Dividends
increased by 40%
to 7¢ per share**

Cash and cash equivalents of A\$326M

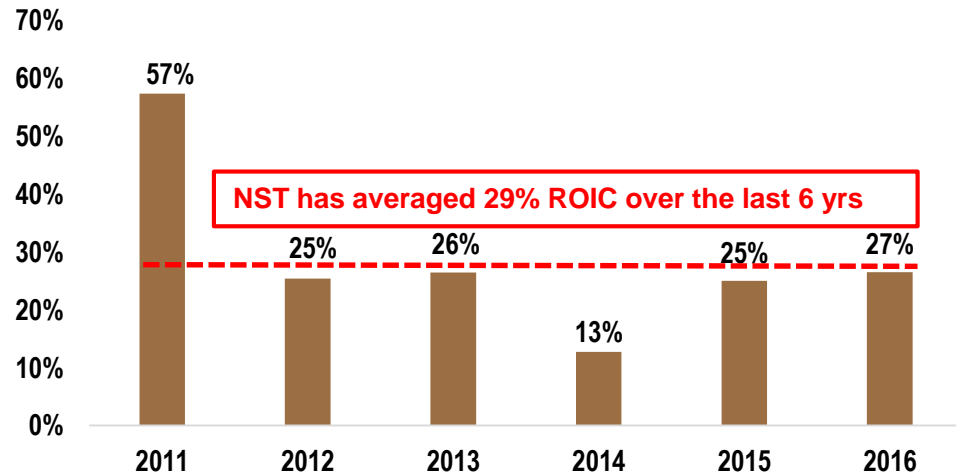
Efficient Capital Allocation - Organic vs Inorganic Growth



- ✦ Superior returns on invested capital continues to be the focus driving investment decisions for NST
- ✦ Capital is forced to compete internally for project funding to ensure NST continues to generate a sector leading Return on Equity 39% and an average Return on Invested Capital of 29% over the last six years
- ✦ Whilst NST can generate these type of returns year-in year-out it will continue to motivate capital organically



Underlying ROIC (%)

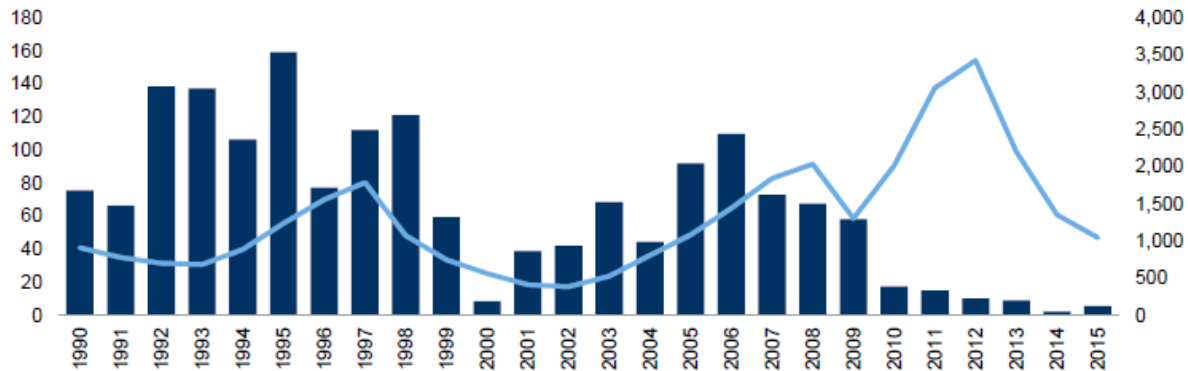


*Source: Macquarie

Lack of exploration success driving asset prices

- * Discovery costs in 2015 for greenfield discoveries were at US\$189/oz
- * 56% of gold production in Australia is now from underground vs 44% from open pit sources
- * Mine lives are getting shorter; since 2012 average reserve life has declined by 22% to 11.2 years
- * Exploration is becoming more focussed around the mine sites; brownfields vs greenfields
- * Production centres with scale (+200,000ozpa) and exploration potential increasingly valuable

Gold in Major Discoveries (Moz)



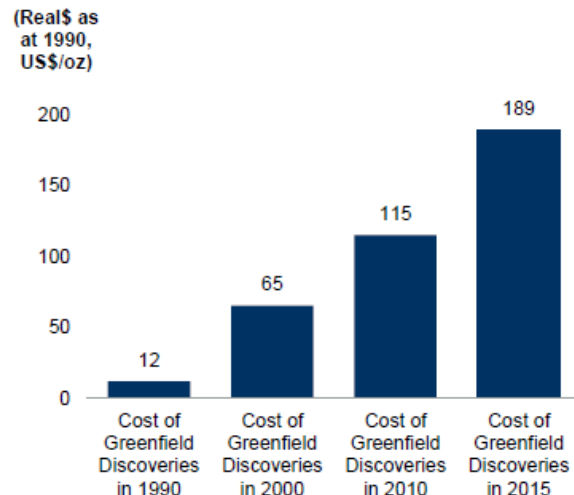
Number of Discoveries	
4	1
9	1
16	1
19	1
10	1
19	1
18	1
16	1
15	1
6	1
2	1
5	1
6	1
12	1
7	1
11	1
18	1
13	1
9	1
10	1
5	1
2	1
4	1
2	1
1	1
1	1

Gold in Major Discoveries (Moz, LHS)

Discovery-Oriented Gold Budgets (Real\$ as at 1990, US\$M, RHS)

Gold Exploration Budgets (Real\$ as at 1990, US\$M)

Cost of Exploration Has Increased Significantly

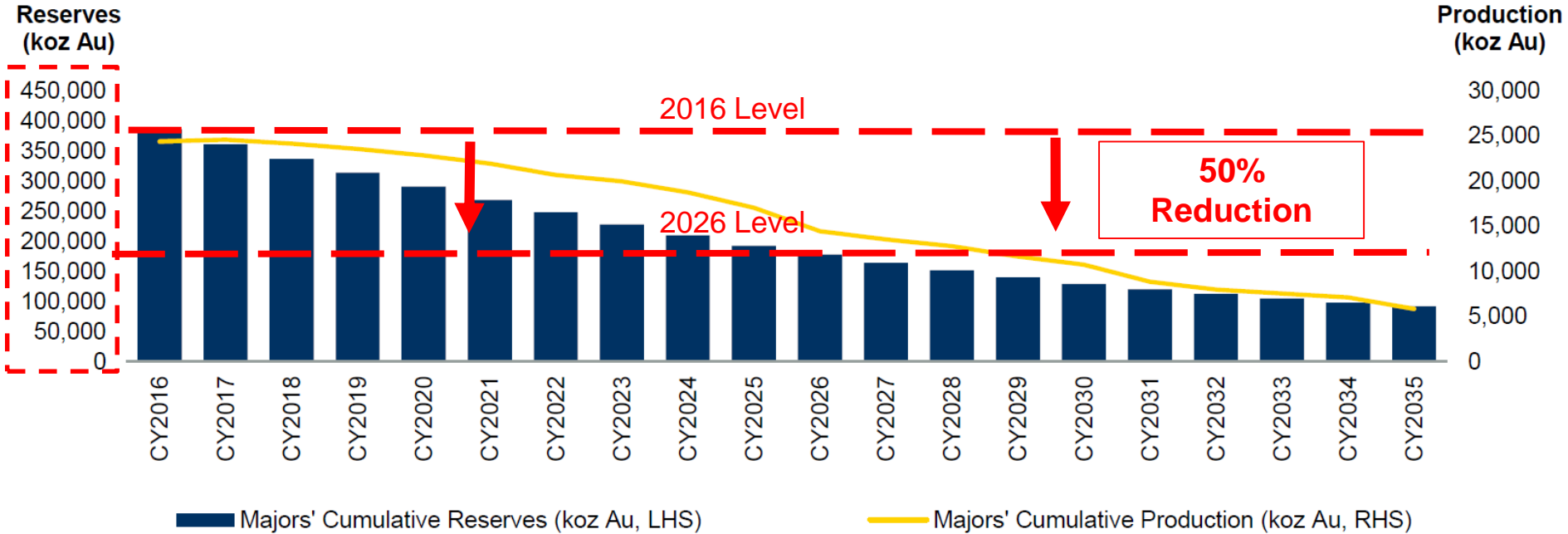


Market Update – Diminishing Reserves



✦ Forecast production of the global majors at current prices is set to decline 50% by 2026

Cumulative Reserves and Production Forecasts for Gold Majors (Assumes No New Exploration or Resource Conversion, koz Au)^(1,2)



FY17: Production and Cost Guidance

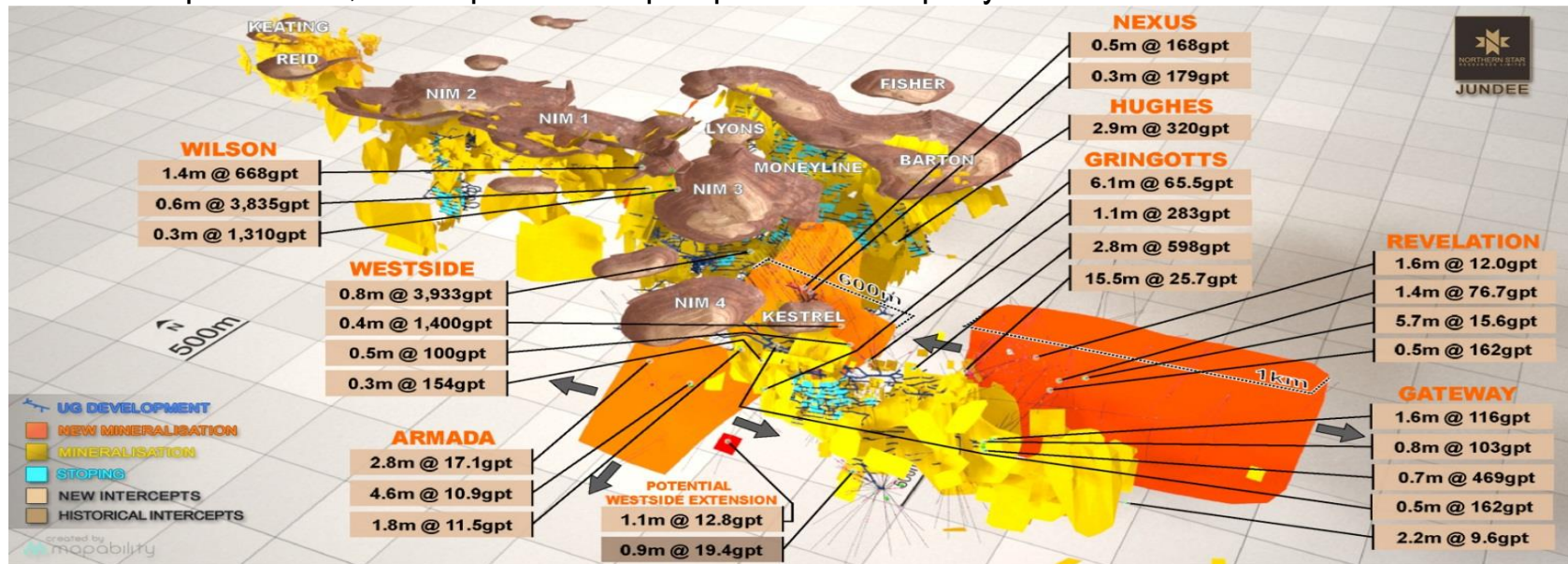


- ❑ Total gold production of 485,000-515,000oz at an AISC of A\$1,000-A\$1,050/oz (US\$728-\$765/oz)*
- ❑ A\$130M to be spent on investing capital following on from the great successes in FY16, including;
 - ❑ A\$60M for targeted drilling to bring more Resources into mine plans and convert discoveries into Resources
 - ❑ A\$70M for Investing/Expansion capital expenditure to bring future deposits on line and lift group production
- ❑ NST will continue to benefit from the lowest level of capital intensity in the global gold sector; this investment will underpin NST's sector leading return on equity and return on invested capital
- ❑ Production is set to rise to an annualise rate of 600,000oz in 2018



Jundee: A big mine.....and getting bigger

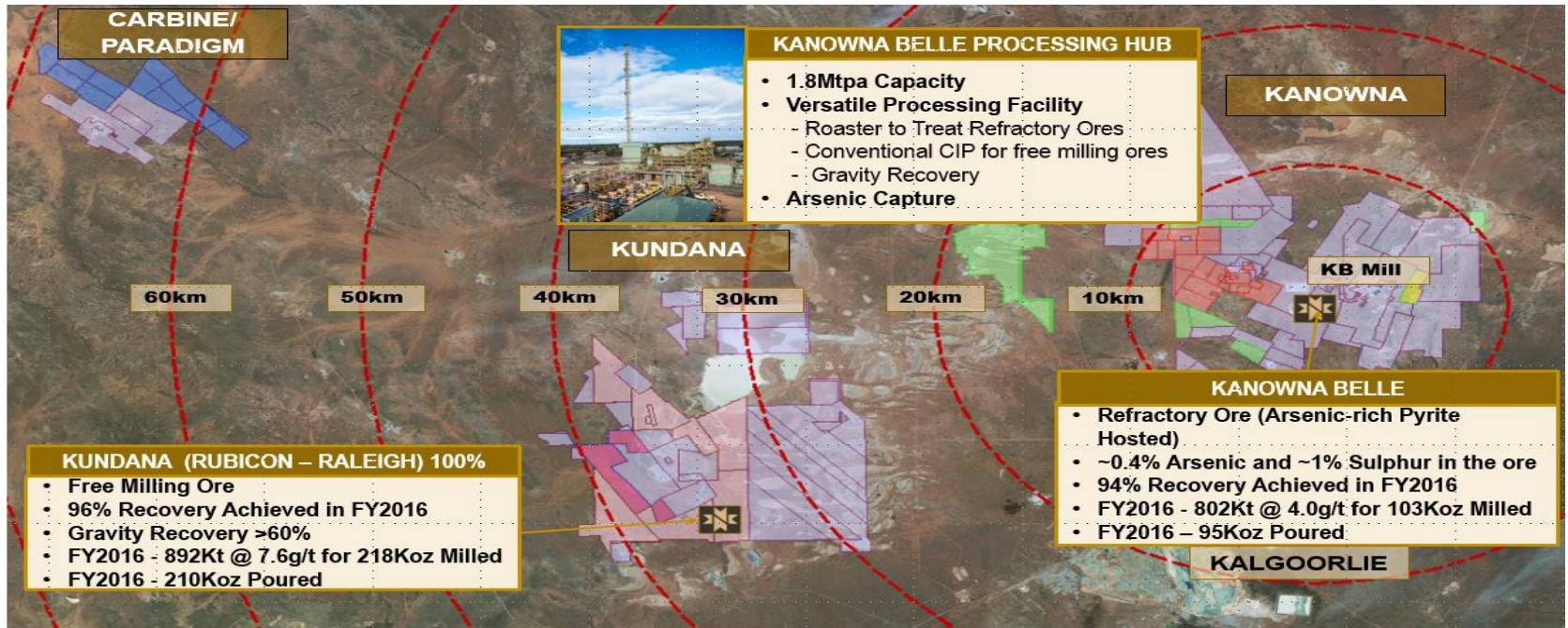
- * FY16 228,144oz mined and 209,572oz sold at an AISC of A\$1,007/oz (US\$733/oz)
- * FY17 guidance 220,000-230,000oz at an AISC of A\$1,000-\$1,050/oz (US\$728-\$765/oz)
- * Resources: 1.25Moz and Reserves up 21% to 720,000oz, even after mining 228,000oz in FY16
- * Opportunities to expand production from known sources; increase mill capacity, bring recent underground discoveries into production, develop satellite open pits and third party sources



Kalgoorlie Operations: Rapid, low-cost growth



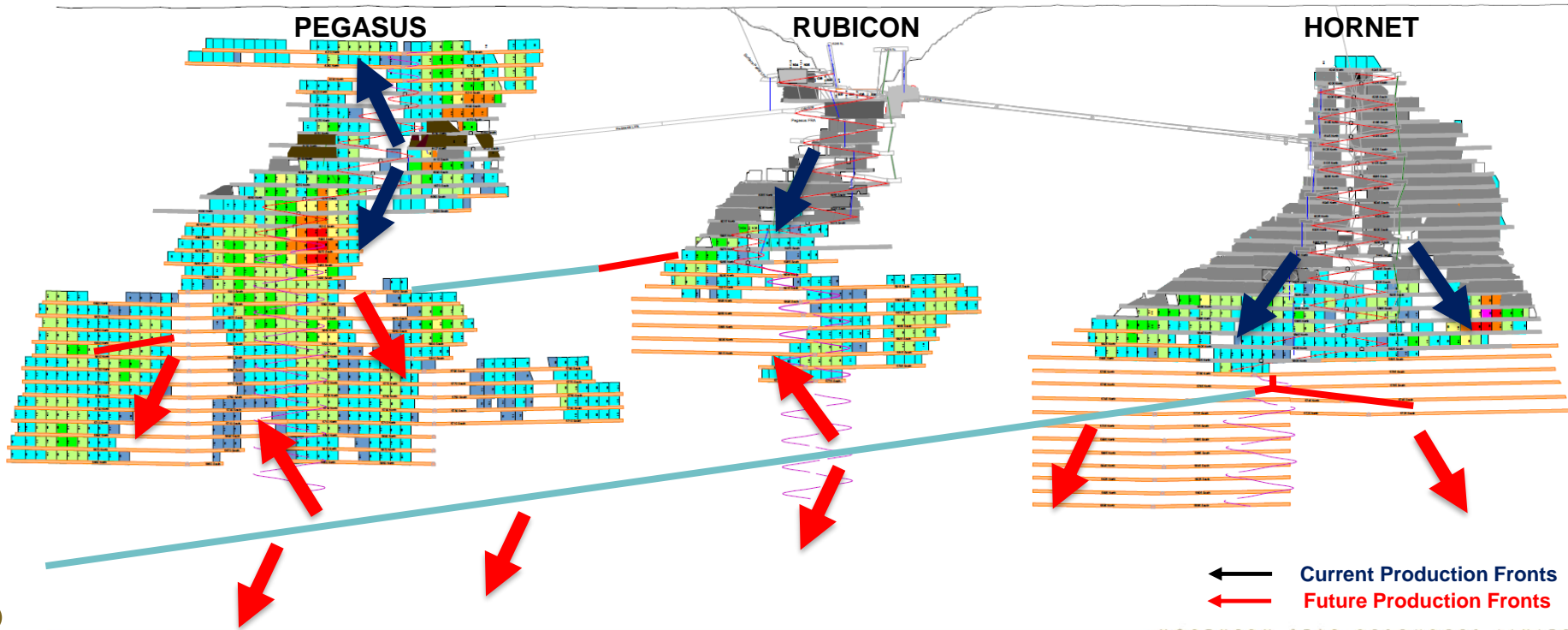
- * FY16 215,667oz mined and 207,123oz sold at an AISC of A\$837/oz (US\$610/oz)
- * FY17 guidance 200,000-210,000oz at an AISC of A\$950-\$1,000/oz (US\$692-\$728/oz)
- * Resources 3.6Moz, up 17% and Reserves up 0.9Moz up 48%, after mining 216koz in FY16
- * Significant opportunities to expand production from known sources



Kalgoorlie Operations: Rapid, low-cost growth



- * Ramp up production at Kundana JV;
 - * Link Hornet, Rubicon and Pegasus orebodies with a decline which will also offer numerous production fronts and provide the drill platform to make another step change in mineral inventory



Kalgoorlie Operations: Rapid, low-cost growth



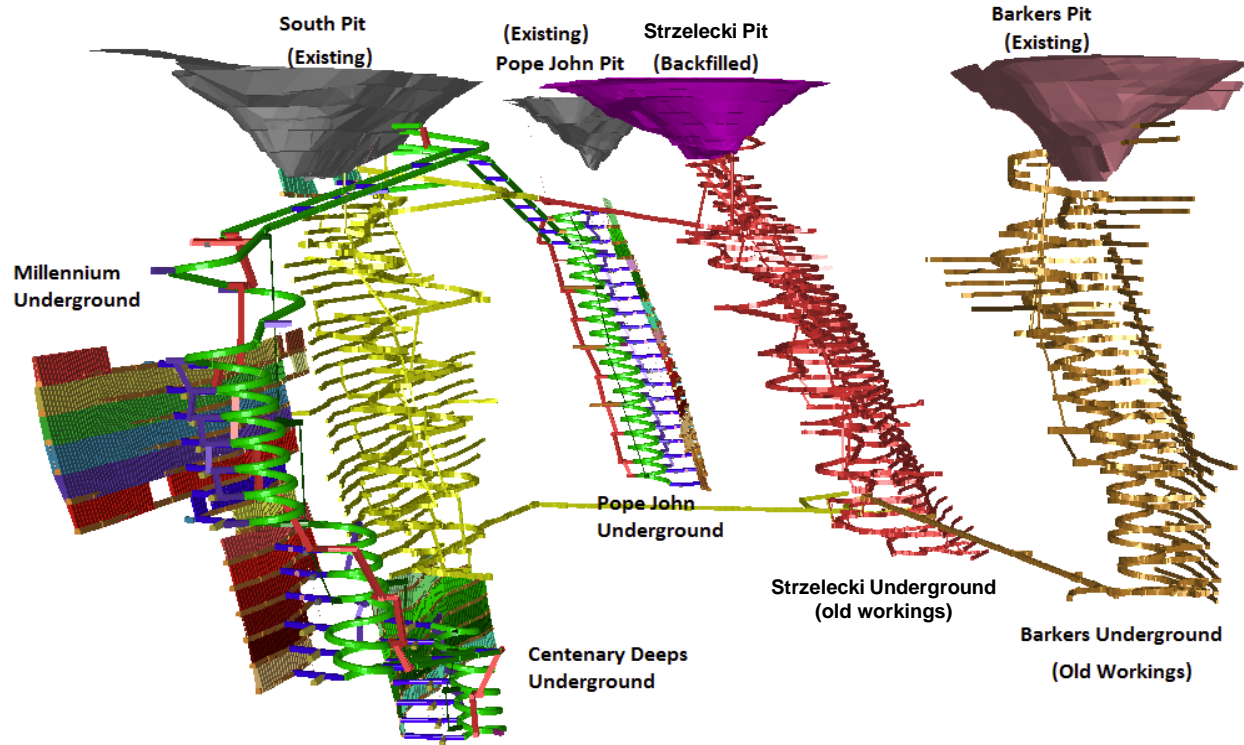
- ✦ Commence production at Millennium, 100% NST owned Kundana;
 - ✦ Have started the underground access to the 50kozpa Millennium deposit, ahead of schedule
 - ✦ Resources of 419,000oz at 6.2gpt and maiden Reserve of 205,000oz; underpinning first 4 years production



Kalgoorlie Operations: Rapid, low-cost growth

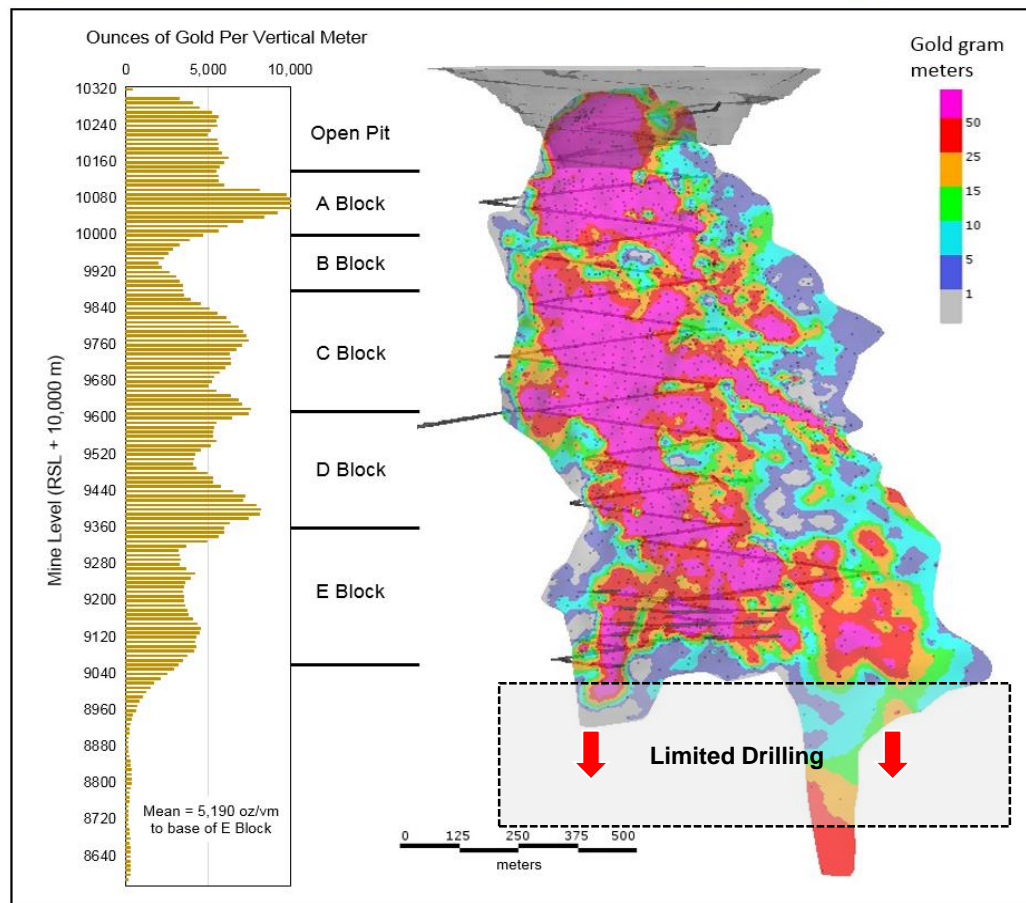
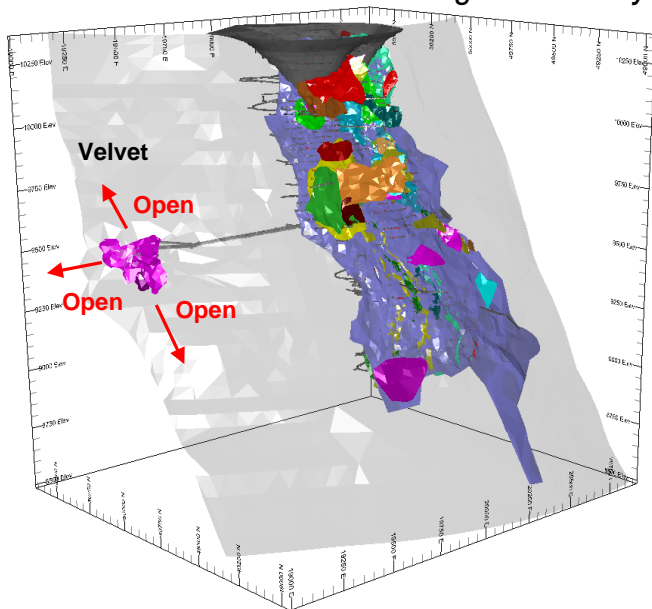


- * Evaluate production at historical 100% NST owned Kundana mines; Barkers, Strzelecki, Centenary, Pope John
 - * Past production of 1.25Moz at 6gpt between 1990-2004
 - * Each of these ore surfaces historically produced 50-60koz per annum





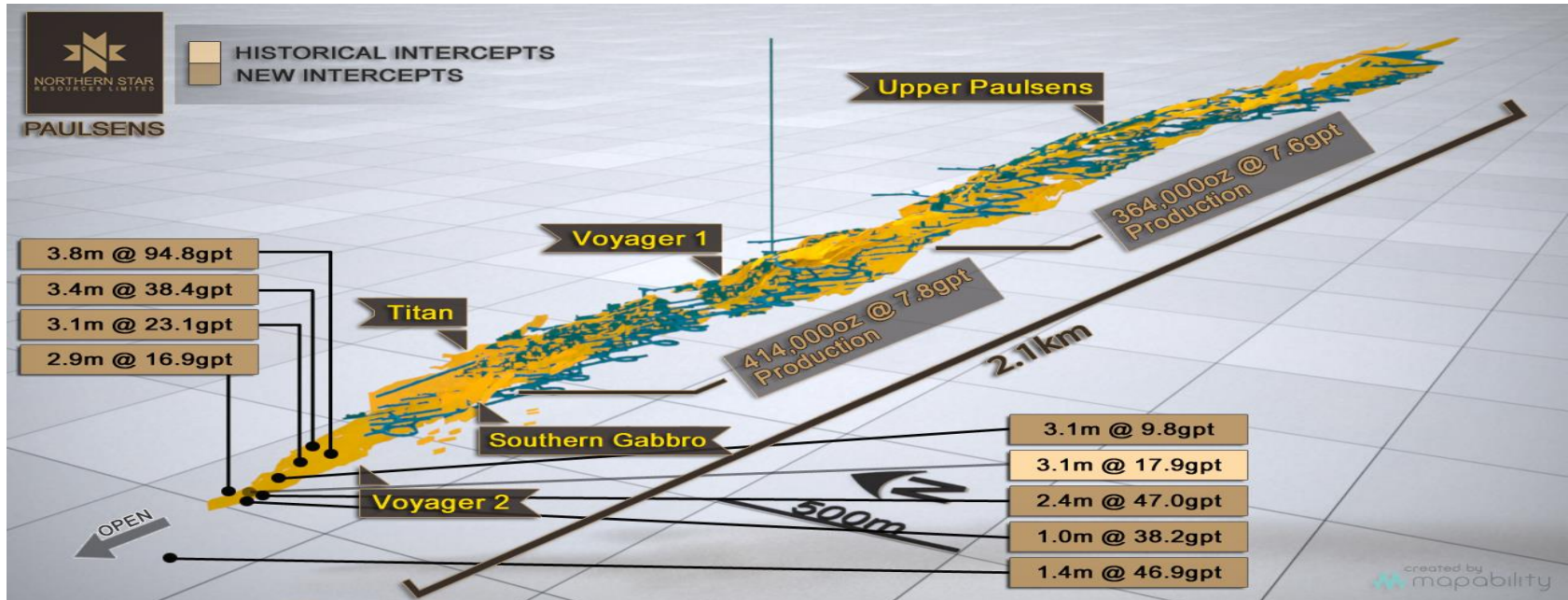
- ✦ Kanowna extension at depth and along strike;
 - ✦ Drill out depth extension to +5Moz orebody, historically averaging 4,000oz per vertical metre
 - ✦ Continue to define Velvet discovery (recent result of 47.9m at 83.1gpt) and bring into production
 - ✦ Continue to drill out the Paradigm discovery



Paulsens: The Founding Asset



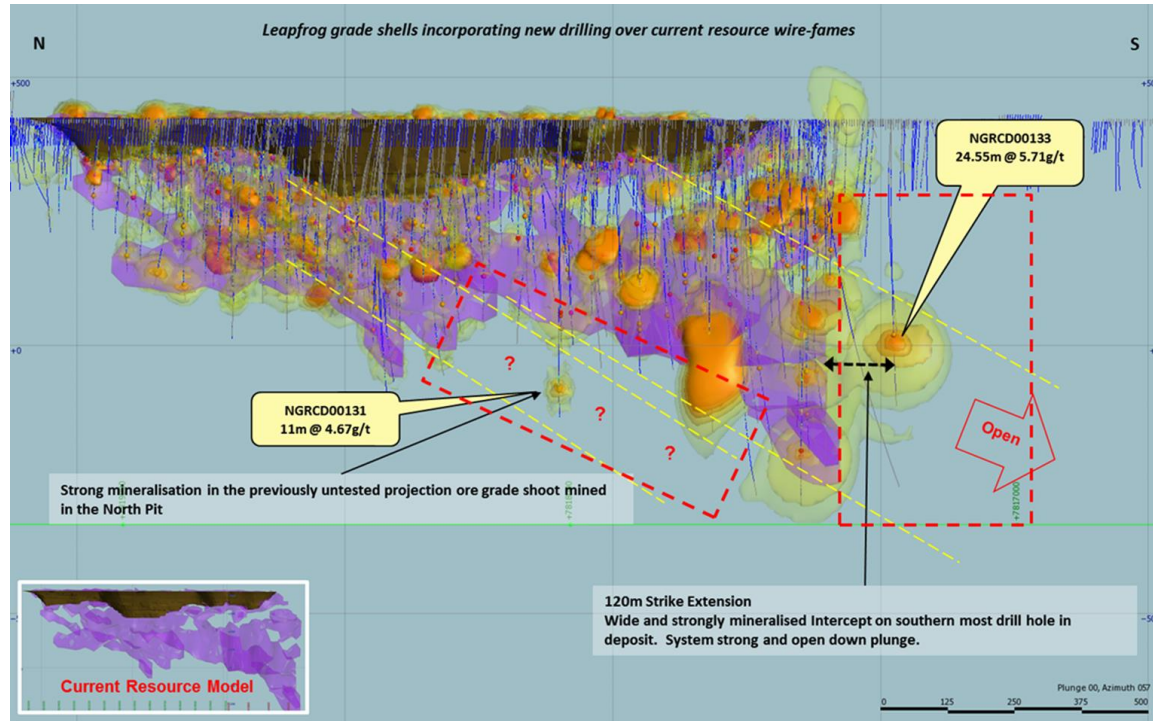
- * FY16 production of 91,250oz mined and 80,278oz sold at an AISC of A\$1,099/oz (US\$800/oz)
- * FY17 guidance 65,000-75,000oz at AISC of A\$1,200-\$1,250/oz (US\$874-\$910/oz)
- * Resources: 0.3Moz and Reserves 0.1Moz, after mining 91koz in FY16
- * Record cashflow achieved in FY16



Central Tanami Project: Next Tier of Production Growth



- ✦ Historically produced 2.1Moz, last major production was from Newmont in 2005 when it produced 610,000oz at 4.3gpt over a 4 year period from the main deposit; Groundrush open pit
- ✦ The past 5 years has seen A\$40M invested at Groundrush in exploration, drilling and feasibility studies
- ✦ Groundrush current Resource is 1.1Moz
- ✦ Plan this year is to refurbish the plant to obtain our 60% joint venture interest
- ✦ Has the potential to be a 120-150koz per annum producing asset (100%) from 2018 onwards



Why Invest in Northern Star



- ✦ **Highly profitable:** Unaudited net profit up 65% to A\$151.4M in FY16; underlying free cash flow of A\$224.3M; dividends up 40% from A5¢ps to A7¢ps
- ✦ **Strong balance sheet:** no debt; A\$326M in cash, bullion & investments (30 June 2016)
- ✦ **Emphasis on financial returns:** Past 5 years avg TSR +200% & Return on Equity of 43%
- ✦ One of the few ASX-listed gold miners with **critical mass and asset diversity:** forecast production of 485koz-515koz in FY17 at an AISC of A\$1,000-A\$1,050/oz, margin of ~A\$750/oz at the current gold price, with production rising to 600koz per annum from CY18 onwards
- ✦ **Record of strong growth – with much more to come:** Concentrated centres strategy to drive increased production and a simplified business model
- ✦ **Aggressive exploration strategy** delivering outstanding results; total Resources rose to 9.25Moz in FY16 (after depletion); average Reserve cost of discovery just A\$50/oz; a further four discoveries not included in FY16 estimate, A\$60M spend for FY17
- ✦ Committed A\$70M to expansion capital in FY17; this will underpin **growth in production**
- ✦ **Strong management team**, including many former contracting executives





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Northern Star Resources
An Australian gold miner – for global investors

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