

Record net profit of A\$215.3m up 42% from FY2016

Final dividend up 50% to 6¢; Return on equity of 40%

KEY POINTS

- ▶ Record net profit after tax of A\$215.3M, up 42% from previous corresponding period (pcp), which included the A\$26.4M profit on the Plutonic sale
- ▶ FY2017 result is after investing A\$130M to increase production to 600,000ozpa in 2018 from organic sources
- ▶ Earnings per share up 42% from pcp to a record 35.9¢
- ▶ Record EBITDA of A\$461.3M, up 16% from pcp; EBITDA margin of 52%, up from 45% in the pcp
- ▶ Operating cash flow up by 9% to a record A\$435.3M
- ▶ Revenue of A\$883.8M, in line with the pcp despite the sale of Plutonic mine on 30 September 2016
- ▶ Final dividend increased by 50% to 6¢ per share fully-franked from 4¢ previously, taking full-year payout to 9¢ per share
- ▶ Northern Star adopts a sustainable capital management plan which will see it pay out 6% of its revenue in dividends and maintain a minimum cash balance of A\$300M
- ▶ Industry-leading financial returns sustained: return on equity an exceptionally high 40.4% and return on invested capital of 33.5%
- ▶ 526,515oz sold at an average price of A\$1,675/oz;
- ▶ All-in sustaining costs (AISC) were A\$1,013/oz (US\$760/oz*)
- ▶ A\$447M in cash and equivalents at 30 June, up from A\$326M a year ago, after paying A\$60M in dividends during the year; no debt
- ▶ Results highlight Northern Star's substantial cash generating capacity when production increases to 600,000ozpa in 2018 and with a declining capital expenditure profile
- ▶ Total Reserves up by 2.3Moz to 3.5Moz (despite depletion of 546,000oz in FY2017) at a cost of just A\$24/oz; Resources increased by 2.7Moz to 10.2Moz; Measured and Indicated Resources up 58% to 6.3Moz, underpinning significant growth in mine lives
- ▶ Northern Star will be hosting a half-yearly conference call today at 8:30am AWST (10:30am AEST). The call can be accessed at <http://webcasting.boardroom.media/broadcast/5994ed6b3ff6b95acf074ac3>

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Australian Securities
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Board of Directors

Mr Bill Beament
Executive Chairman

Mr Chris Rowe
Non-Executive Director

Mr Peter O'Connor
Non-Executive Director

Mr John Fitzgerald
Non-Executive Director

Ms Shirley In'tVeld
Non-Executive Director

Mr David Flanagan
Non-Executive Director

Issued Capital

Shares 603 million
Options 0.9 million
Performance Rights 9.6 million

Current Share Price A\$4.98

Market Capitalisation
A\$3.0 billion

Cash, Bullion & Investments
30 June 2017 - A\$447.2 million

Projects

Paulsens Mine
Kanowna Belle Mine
Kundana Mines (51% of EKJV)
Jundee Mine
Central Tanami (25% of JV)

Listed Investments

VXR, DAU, RND, TBR, ALY

Executive Chairman Bill Beament said:

“These results reflect an outstanding year for Northern Star. We have again met or exceeded our guidance figures, these are high-quality earnings which flow from world-class operations in a Tier-1 jurisdiction and we have generated significant free cashflow which has led to a 50% increase in the final dividend.

“But perhaps even more importantly, these results provide valuable insight into the Company’s future cash-generating capacity and overall financial returns.

“A 42% increase in net profit is exceptional in any circumstances. But this result is particularly satisfying because it has been driven predominantly by organic growth.

“Moreover, the lucrative benefits of this strategy are still unfolding, with further production increases forecast for this year and beyond.

“The ongoing production growth is underpinned by the substantial increase in our inventory which has resulted from the organic growth strategy.”

But Mr Beament said the results of the organic growth strategy would not only drive production growth, they would also ensure Northern Star’s industry-leading financial returns were sustained over the long term.

“The fact that we have just added 2.3Moz in Reserves at a cost of just A\$24/oz, compared with the price of several hundreds of dollars an ounce we would have to pay to acquire them, means our production growth will deliver superior results for Shareholders.

“Maximising financial returns is the ultimate objective of everything we do and the success of our organic growth strategy, which has given us mine life visibility of 10 years, helps ensure we can deliver these results for a long time to come.

“Shareholders can also draw much comfort from knowing that this outlook is underpinned by our world-class operations of Jundee and Kalgoorlie in a Tier-1 location.”

Mr Beament said Northern Star’s long mine life visibility and strong cash generation had prompted it to adopt a capital management plan, providing further transparency in respect to dividends.

This plan will see Northern Star pay dividends equal to 6% of its revenue while maintaining a minimum cash balance of A\$300M. Maintaining this net cash position provides financing flexibility as new mine developments or other growth opportunities are identified.

“We have increased our final dividend for FY2017 by 50% to 6¢, fully-franked, which is in line with our new policy,” he said.

“We believe this approach strikes a prudent balance between ensuring we have sufficient working capital to run and invest in our business while delivering a meaningful and sustainable return to our Shareholders.”

Northern Star is a global leader in the sector, in paying out returns and growing this income stream by 260% since 2012.

Northern Star over the past three years has invested substantially back in the business to the tune of A\$250M. This investment has positioned the business well to continue to grow free cash flow over the coming years as the business moves out of a period of high capital investment into lower capital expenditure.

The Company will continue to benefit from one of the lowest levels of capital intensity within the top 25 global gold companies.

Mr Beament said Northern Star had budgeted A\$100M for exploration and expansionary capital in FY2018 as part of its ongoing organic growth strategy.

“We have substantial exploration upside and organic growth at all our operations,” he said. “But with the recent growth in our inventory, we will seek to unlock this potential which will require reduced expenditure from past years.”

This announcement is a summary of the FY2017 Financial Results. Full details of the FY2017 Financial Results are available in the Appendix 4E and Annual Financial Report released today and available at the Company's website.

Capital Management Plan - Dividend Payment

Northern Star has consistently paid out fully franked dividends to Shareholders for the past five years. The Company has been one of only a select few resources companies globally that has been able to not only pay out a regular dividend to Shareholders, but also increase it through growth in underlying earnings consistently through the cycle.

The Company has grown the dividend to Shareholders by 260% since commencing payments in 2012.

With the continued growth over the past year and the mine life visibility now across the Company's world class asset base, the Directors have approved a change to the dividend structure.

The Company will distribute to Shareholders 6% of its revenue after each financial half-year. This change, is effective immediately and the final dividend for 2017 includes an additional \$18M to bring the previously paid December-2016 half year interim dividend in line with this new structure.

This approach will continue Northern Star's proud history of striking the right balance between income and growth to its Shareholders. This policy will allow the business to continue to pay out a sustainable fully franked dividend to its Shareholders throughout the commodity price cycle.

The Board has confirmed that Northern Star is in a sound position to continue its commitment to pay a final fully franked dividend for the current period of 6 cents per share, totalling A\$36M. Northern Star shares will trade excluding entitlement to the dividend on 29 August 2017, with the record date being 30 August 2017 and payment date of 13 September 2017.

Yours faithfully



BILL BEAMENT
Executive Chairman
Northern Star Resources Limited

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Forward Looking Statements

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**All currency conversions have been converted at a currency of AUD/USD conversion rate of A\$0.75. AISC are ex-Plutonic*