



An Australian gold miner - for global investors  
Macquarie Australia Conference - May 2019



NORTHERN STAR  
RESOURCES LIMITED

# Resources & Reserves and Forward Looking Statements



## Mineral Resources and Ore Reserves

The Mineral Resources information in this presentation is extracted from the reports entitled “Reserve and Resource Update and Corporate Outlook” dated 2 August 2018, “Pogo JORC Resource” dated 16 October 2018 and “Pogo Operations Update” dated 12 February 2019, available at [www.nsr ltd.com](http://www.nsr ltd.com) and [www.asx.com](http://www.asx.com). For the purposes of ASX Listing Rule 5.23, Northern Star confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Northern Star 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.

The Ore Reserves information in this presentation (excludes Pogo) is extracted from the report entitled “Reserve and Resource Update and Corporate Outlook” dated 2 August 2018, available at [www.nsr ltd.com](http://www.nsr ltd.com) and [www.asx.com](http://www.asx.com). For the purposes of ASX Listing Rule 5.23, Northern Star confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of 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. Northern Star 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.

The information on Pogo reserves included in this presentation is extracted from the ASX announcement entitled “Northern Star acquires Pogo Gold Mine in Alaska” dated 30 August 2018. The reserves are estimated as at 31 December 2017 and according to the Canadian NI 43-101 standards, but are not fully compliant with those standards. Accordingly, they do not purport to be JORC Code compliant. A cautionary statement in respect of such resources and reserves appears in the ASX announcement dated 30 August 2018.

## 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.

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\*All currency conversions in this document were converted at a spot conversion rate of USD:AUD of 0.7121

† GDX 5Yr Average is sourced from Bloomberg all erroneous data points have been removed and companies that have impaired over > \$300m off their balance sheets

# An Australian listed gold miner with global scale

- ASX 100, top 25 global gold producer with mines in Western Australia and North America; FY2019 guidance 850koz-900koz per annum at an AISC of A\$1,225/oz - A\$1,275/oz (US\$872-US\$907/oz)\*
- Market cap is A\$5.2B with a sector-leading balance sheet; A\$288M cash & equivalents and no debt
- NST manages a simplified business with a strong organic growth outlook; with 3 Tier-1 assets in Tier-1 locations
- Track record of fully-franked dividends since 2012 with a stated dividend policy of paying out 6% of revenue
- Governed by the adage "a business first and a mining company second"



# 1H FY2019 – Key Financial Highlights

Underlying net profit  
of A\$89.1M up 11%  
on pcp

Cash flow from  
operating activities up  
33% to A\$169M on  
pcp

Interim dividend up  
33% from pcp to A6¢  
(fully-franked)

EBITDA of A\$221.8M  
up 10% on pcp

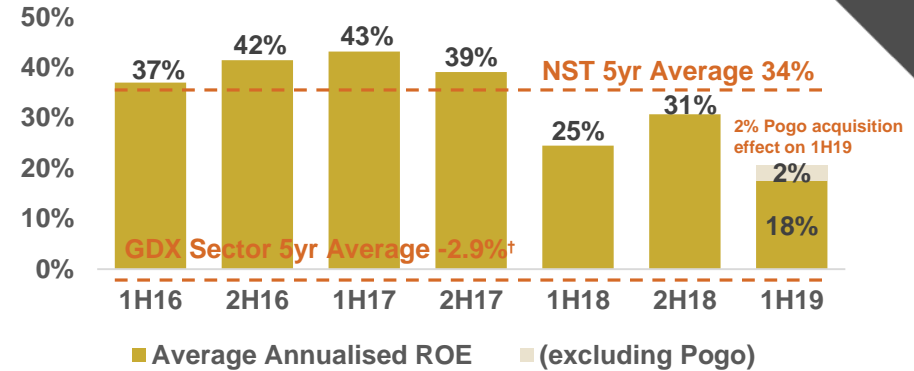
18% Return on Equity  
and 14% Return on  
Invested Capital

Strong Balance  
Sheet; Cash, Bullion  
& Investments of  
A\$288M and no debt

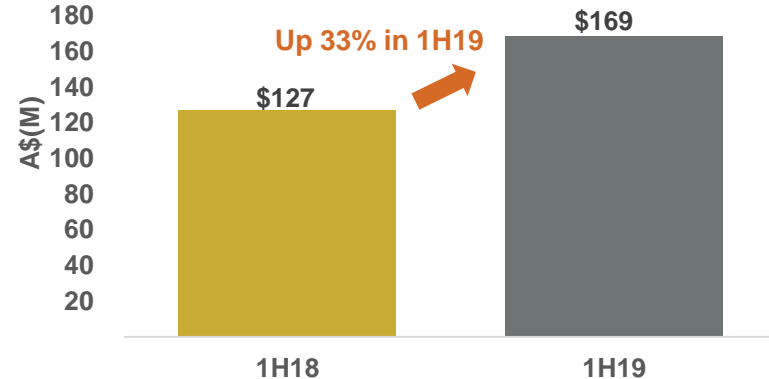
# NST continues to generate favourable ROE, ROIC and EBITDA margin

- For the past five years NST has delivered an average annualised Return on Equity (ROE) of 34% versus the GDX sector average of -2.9%
- 1H19 includes the acquisition and integration of Pogo that provides a platform for profitable growth at sector leading rates of return as the operation is optimised
- Australian Operations continue to produce strong EBITDA margins of over 45%
- Solid cash generation helps fund strategic growth opportunities. 33% growth in group operating cash flows of A\$169M up compared to pcp of A\$127M
- Disciplined capital allocation for project funding ensures NST continues to generate sector leading returns

Average Annualised Return on Equity

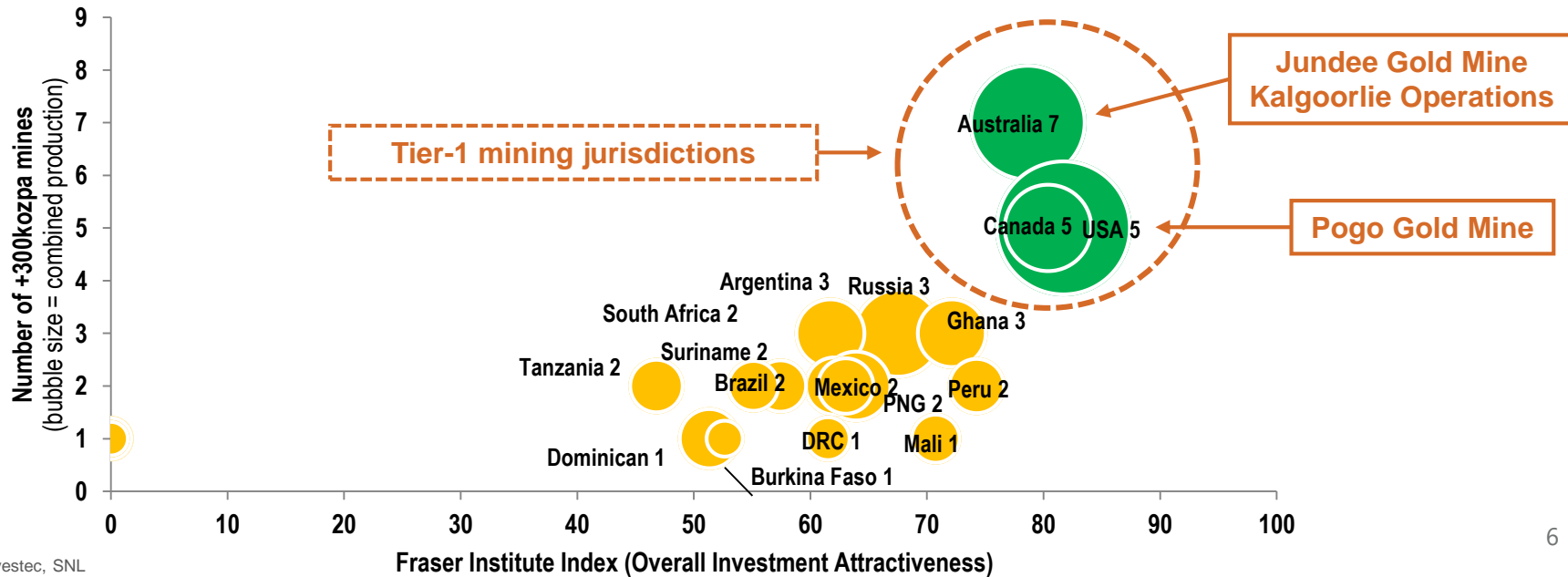


Group Operating Cash Flow



# Consistent with strategy: Tier-1 assets, Tier-1 locations

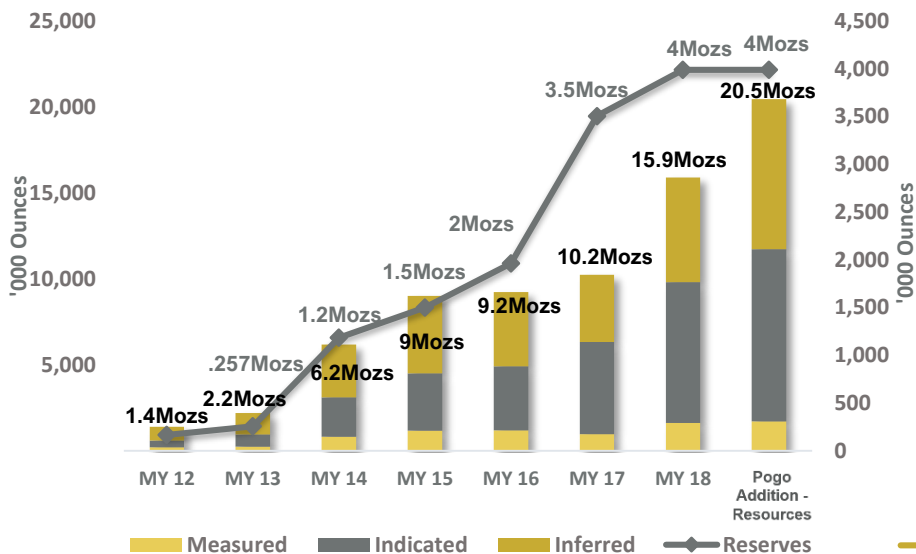
- Globally there are only 17 mines producing over 300kozpa in Tier-1 mining jurisdictions (Australia, US and Canada); production is declining in these regions due to a lack of discoveries and significant reserve depletion
- NST has two mines that will shortly join that list of assets that produce at this rate; Jundee and Kalgoorlie
- Pogo has the potential to be a third +300kozpa producing asset in the Northern Star portfolio that operates within a Tier-1 jurisdiction



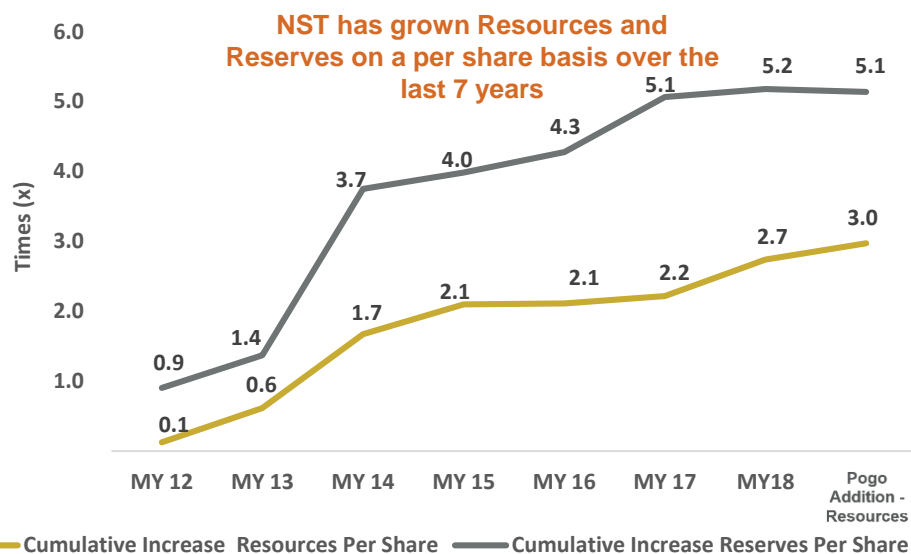
# Delivering Reserve and Resource Growth per share

- Through value accretive organic and inorganic growth NST has been able to successfully grow Resource and Reserve life on a per share basis for its Shareholders
- In 1H19 NST announced an updated JORC Group Resource including the Pogo operations with a maiden Reserve due with the Group annual Resource and Reserve statement in mid-year 2019

### NST Resource and Reserve Growth



### Resource & Reserve Growth per share





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Operations

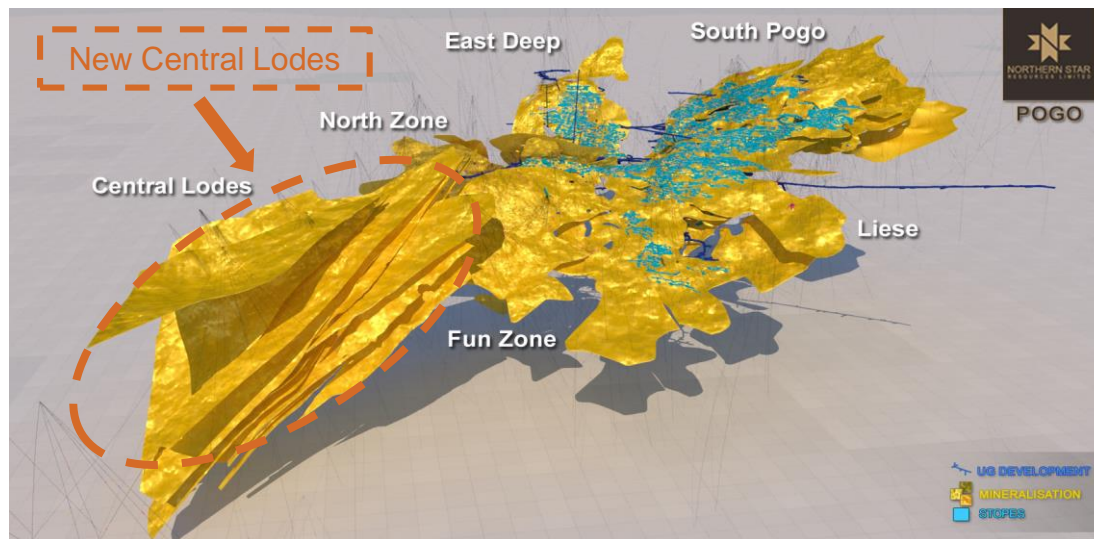


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# Pogo transaction summary

- Acquired the high grade Pogo Underground Gold Mine in Alaska, USA for A\$351M<sup>1</sup> in Sep-2018
- Immediately transformed Northern Star into a 850-900kozpa global gold producer with three Tier-1 assets all in Tier-1 jurisdictions, aligns to stated strategy and was immediately accretive on a range of key metrics
- Pogo is a world-class 8Moz<sup>2</sup> gold endowment that has produced approximately 3.8Moz at an average grade of 13.6gpt over the past 12 years at an average of ~300,000ozpa
- Pogo has several parallels to Jundee when it was acquired in 2014, providing opportunity to leverage the Company's underground expertise to optimise the mine and target life extensions
- Pogo has a JORC Resource of 4.15Moz at 14.7gpt and a reserve of 760,000oz at 11.9gpt (the third highest grade in North America), equating to an acquisition price of US\$63 per Resource ounce



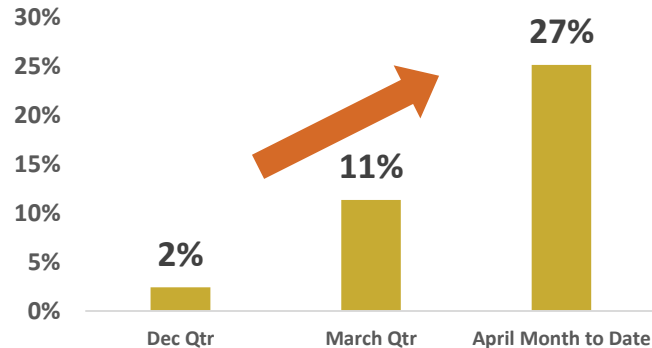
1. Purchase price net of cash acquired of A\$351 million calculated using a USD:AUD exchange rate of 0.7222.  
 2. Calculated on the basis of Pogo's current Resources and reserves and past production.

# Pogo inflection point reached; ramp up is the focus

- Since taking ownership NST has looked to implement a change in mining methods to a combination of longhole stoping and current jumbo cut and fill mining method
- At the start of the March quarter 5 of the 16 underground fleet arrived at site, with the balance due in the June quarter; delivery and commissioning has delayed production ramp up by ~3 months
- Despite the delay, stoping commenced in the March quarter and ramping up in April; stoping rates have risen from 11% in the March quarter to 27% in the month of April
- Indicative stoping rates will look to rise to a ~60/40% split of stoping ore to development ore ratio in coming quarters, this will have the effect of further lowering unit mining costs
- Cost reduction on track; In the March quarter, monthly expenditure at Pogo fell ~20% to US\$18.5M from an average of US\$22.5M per month in the previous two quarters; further cost reductions are anticipated



Stoping Tonnes (%) of Total Ore Tonnes

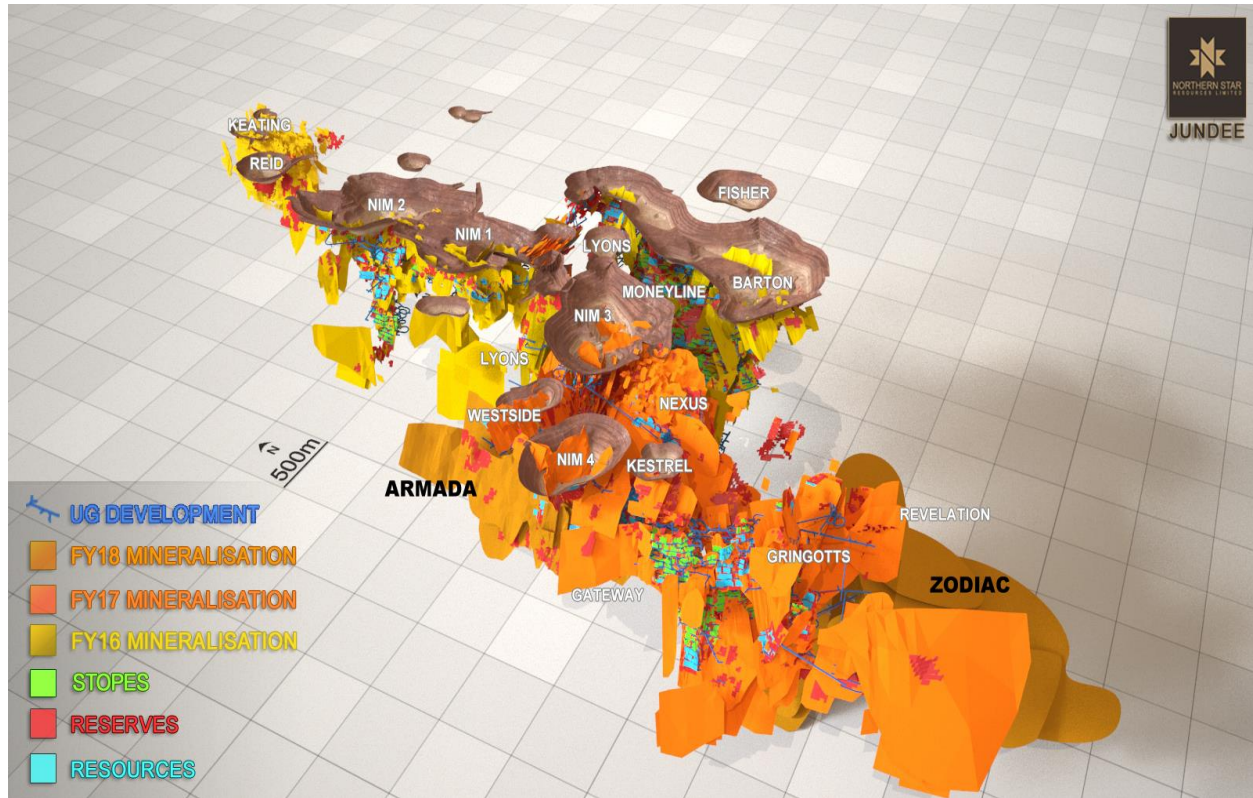


# Pogo showing Resource and Reserve growth potential

- Recent Resource extension and infill drilling has returned exceptional results which point to an increase in the existing JORC Resource of 4.15Moz and bodes well for a substantial maiden JORC Reserve in mid-2019
- The investment strategy at Pogo is generating outstanding exploration results which have exceeded expectation based on the due diligence at the time of acquisition
- A significant amount of mineralisation is present outside of the current Pogo Resources, there is also considerable mineralisation inside the current Resources that hasn't made it into reserves
- The recent results stem from a A\$35M exploration and concentrated infill drilling campaign in the twelve months to Dec 31, 2018 using four underground rigs and four surface rigs
- A\$15M of exploration drilling is budgeted for the second half of FY2019, with an additional four underground rigs mobilised to site
- Drilling has continued to demonstrate significant extensions to the Liese Vein system which has provided most of the 3.8Moz produced at Pogo; Significant results<sup>1</sup> include;
  - 5.8m @ 59.7gpt, 22.5m @ 33.8gpt, 6.4m @ 42.7gpt, and 2.9m @ 72.9gpt
- The results include the discovery of the “Central Lodes” vein system ~800m from existing mine infrastructure and defined over a strike length of ~650m and open in all directions; results<sup>1</sup> include:
  - 2.0m @ 175.3gpt, 3.6m @ 50.6gpt, 14.3m @ 6.1gpt, 2.0m @ 35.1gpt and 3.4m @ 26.8gpt
- Approvals are already in place for exploration and production activities on the Central Lodes
- Review of historic drilling has identified more than 2500 significant unmined intersections outside the current Resource. Intersections<sup>1</sup> include:
  - 12.0m @ 51.5gpt, 7.6m @ 66.2gpt and 2.3m @ 171.7gpt

# Jundee Operations – going from strength to strength

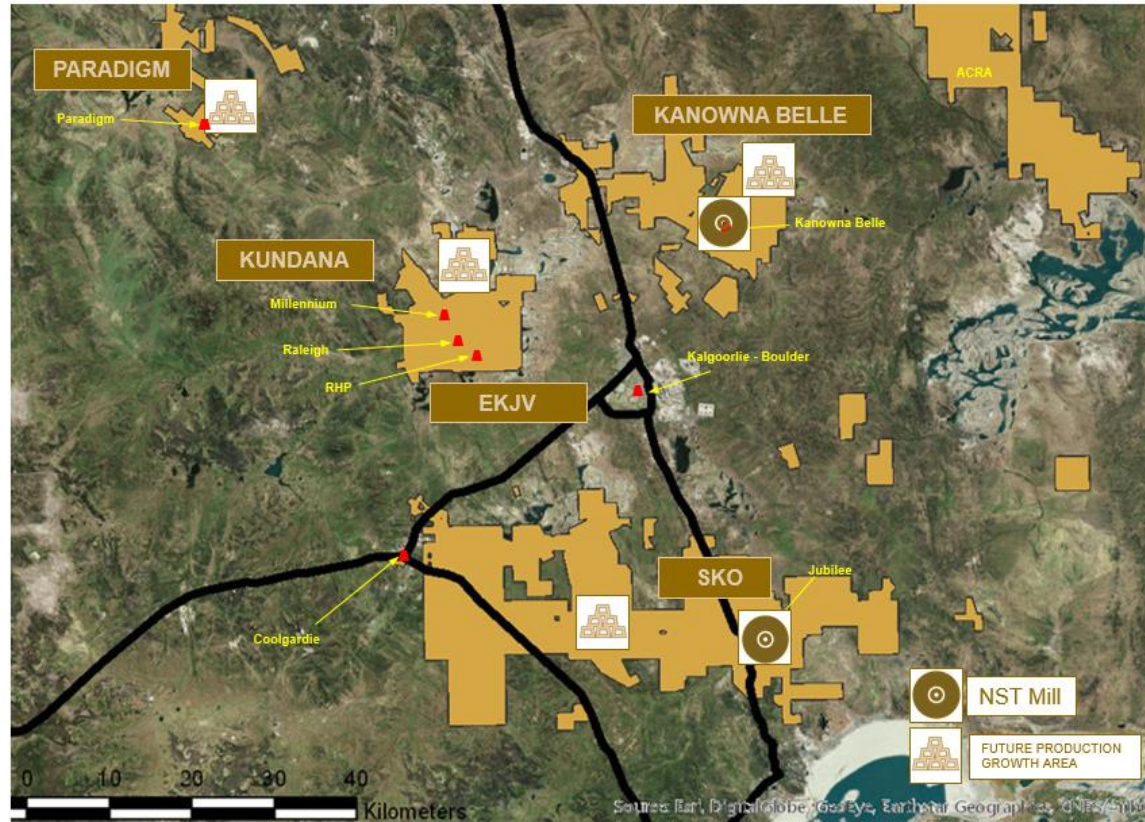
- A significant FY2018: 285koz sold, at an AISC of A\$870/oz<sup>1</sup>
- Resources up 31% to 4.3Moz and Reserves up 14% to 1.6Moz<sup>1</sup>
- FY2019: Guidance 280,000-300,000oz at an AISC of A\$895- A\$980/oz
- Plant upgrade delivered up to 2.4Mtpa processing capacity
- Mining & processing of Ramone open pit material commences in the current quarter



1. Refer to 18 July 2018 ASX announcement (rounded up)

# Kalgoorlie Operations – delivering organic growth

- FY2018: 262koz sold at an AISC of A\$1,174/oz<sup>1</sup>
- Resources of 8.6Moz (including 3.7Moz at SKO) and Reserves of 2.3Moz up 15%
- FY2019: Guidance 320,000-340,000oz at an AISC of A\$1,190-A\$1,300/oz
- Production growth options from Kundana, Paradigm, Kanowna and SKO with 3.2Mtpa processing capacity secured

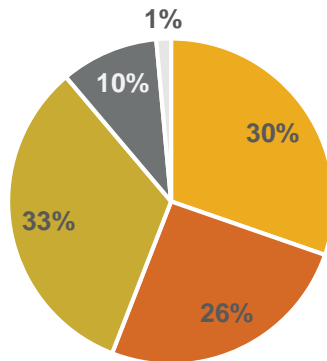


1. Refer to 18 July 2018 ASX announcement

# A\$75-80M Exploration and Drilling Commitment

- A\$75-A\$80M exploration and drilling commitment for FY2019
- Core focus is Resource conversion across the major production centres
- We have the assets, the people, the capacity and the funding to grow our mineral inventory

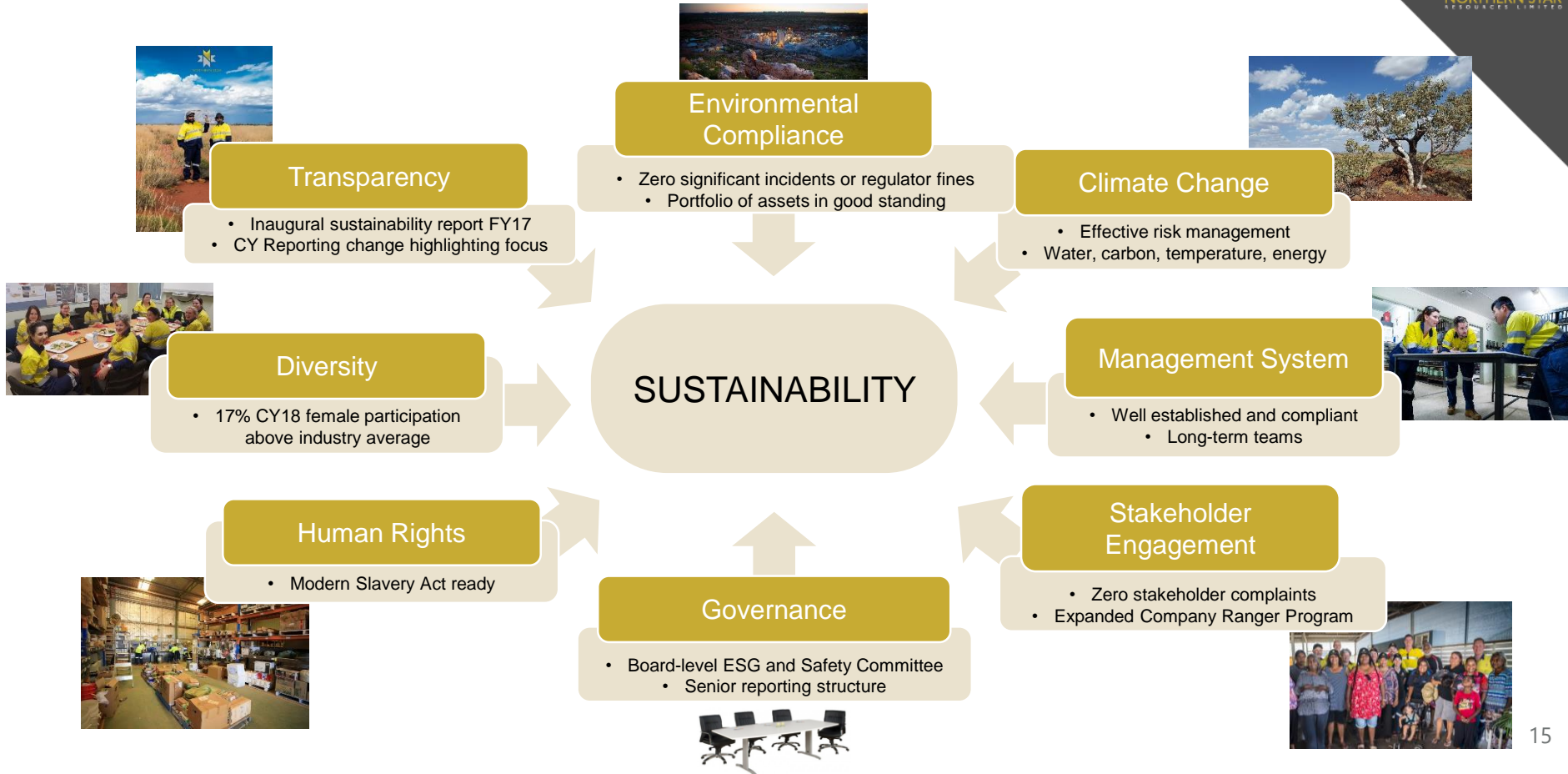
Exploration Spend (%)



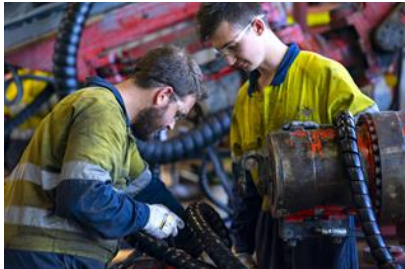
■ Pogo ■ Jundee ■ Kalgoorlie ■ Regional ■ Corporate



# Environmental, Social and Governance Values are core at NST



# Northern Star investing in its people – a strategic advantage



- NST is investing A\$50M over the next 10 years to continue expanding our specialist underground mining, geology and processing capability
- Key areas of investment include training, education, research and implementation of the latest technologies
- Our commitment to improve productivities and reduce unit costs is culturally imbedded and our capability is scalable to prepare for growth
- This commitment will place Northern Star in a strategic position to optimise the value of assets as more mines transition from open pit to underground in the future
- NST has a sector leading safety performance with LTIFR at 0.6 (industry LTIFR of 2.7) and TRIFR at 3.7 (industry TRIFR is 9.6) in CY2018. Safety is a core value of the company





# Northern Star Resources Limited

ASX Code: NST

An Australian mid cap gold miner – for global investors

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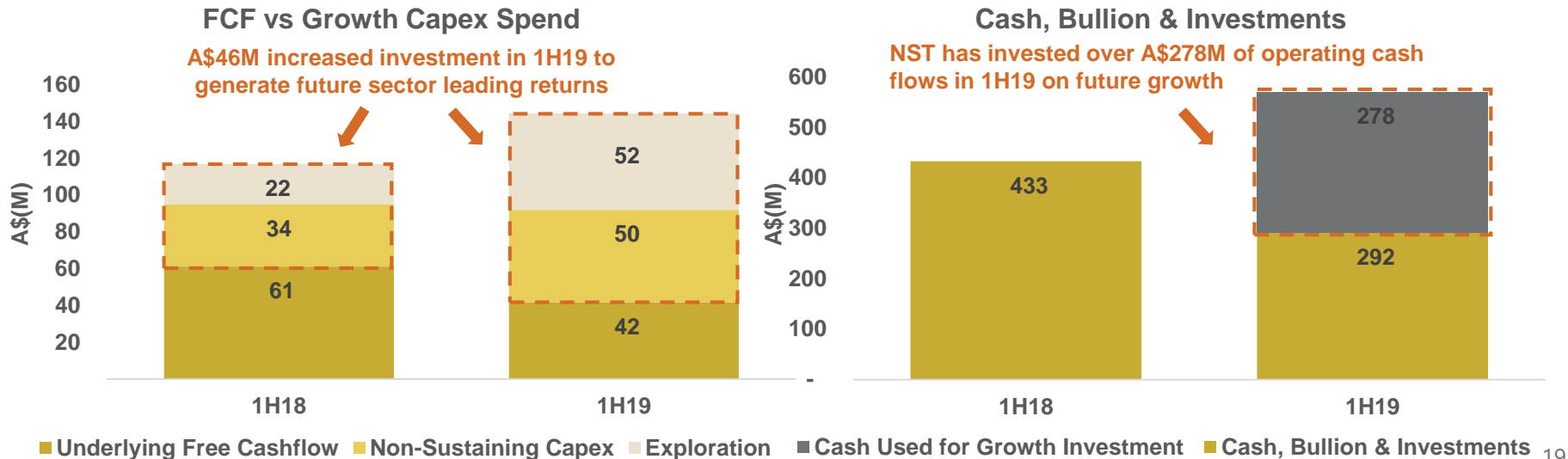


# Appendix



# Acquiring a world class asset and a significant capital investment into the Australian Operations in 1H19

- Whilst acquiring the world class Pogo Operation in 1H19 for A\$351M<sup>1</sup>, NST has also invested heavily into organic growth with an additional A\$36M investment into its Australian Operations in 1H19 vs the pcip in exploration and expansionary capital
- Despite significant investment and growing dividends to Shareholders, balance sheet strength maintained with sufficient liquidity (including undrawn financing facilities) to take advantage of future opportunities and to deliver further sector leading returns



1. Purchase price net of cash acquired of A\$351 million calculated using a USD:AUD exchange rate of 0.7222.