

## ANNOUNCEMENT

### NON RENOUNCEABLE RIGHTS ISSUE TO FUND FOLLOW UP OF RECENT EXPLORATION SUCCESS

The Directors are pleased to announce a non-renounceable pro rata rights issue to shareholders. The purpose of the Offer is to raise approximately \$3,082,500 for the continued assessment of the Company's East Kimberley projects. In particular, to follow up recent exploration drilling encouragement received from the epithermal gold Range Prospect at the Wilson River Project and zinc mineralisation delineated at the Emull Prospect at the Red Billabong Project.

The key rights issue details are as follows:

- Two new shares and one new free option for every four shares held as at the Record Date at an issue price of 12 cents per new ordinary share to raise approximately \$3,082,500 (less the costs of the issue)
- Attaching options are to be exercisable at 20 cents each at any time up to and including 30 September 2008

The principal uses of funds will include:

- a) the pursuit of high grade epithermal mineralisation within the Wilson River, Dunham and Tunganary Projects, including the continued drill testing of the mineralisation at the Range Prospect. Previous drilling has returned high grade intersections from the **Range Prospect** including the following:
  - **4.0 metres @ 15.1g/t gold and 7.3g/t silver**
  - **6.2 metres @ 10.5g/t gold and 45.0g/t silver**
  - **5.0 metres @ 15.1g/t gold and 34.9g/t silver**
- b) the exploration for mafic-hosted magmatic nickel-copper-PGE sulphide mineralisation within the Red Billabong, Springvale, Toby, McGowan and Foal Creek Projects.
- c) the assessment of the prospectivity of zinc mineralisation at Emull within the Red Billabong Project. Previous drilling has returned encouraging base metals intersections from the **Emull Prospect** including the following:
  - **4.0 metres @ 4.6% zinc, 0.54% copper, 0.16% lead, 9.5g/t silver, 0.12g/t gold**
  - **6.0 metres @ 4.1% zinc**
  - **7.0 metres @ 3.6% zinc**
  - **7.9 metres @ 7.4% zinc, 0.11% copper, 0.15% lead, 3.0g/t silver, 0.09g/t gold**

- d) evaluation of the Wilson River, Dunham and Tunganary Projects to assess the uranium potential of these areas. Historical exploration rock chip samples assaying **1.23 % U<sub>3</sub>O<sub>8</sub>**, **0.76% U<sub>3</sub>O<sub>8</sub>** and **0.38% U<sub>3</sub>O<sub>8</sub>** have been recorded from within the Dunham Project, **0.15% U<sub>3</sub>O<sub>8</sub>** within the Wilson River Project, and **0.157% U<sub>3</sub>O<sub>8</sub>** from the Tunganary Project.
- e) funding the costs of the issue
- f) other corporate requirements

The Offer is not underwritten, however Paradigm Capital Pty Limited (**Paradigm**) has been engaged as Lead Manager to assist in the placement of any shortfall from the Offer. Paradigm will be entitled to a fee of 5% of funds raised by them. A fee of 6% is payable on the portion of the rights issue where firm commitments are received. At the discretion of Northern Star Resources Ltd, up to 500,000 options of the same class as the options comprised in the Offer may be issued to Paradigm following successful completion of placement of the shortfall. The options to Paradigm are subject to a voluntary 12 month escrow agreement.

Further details of the issue including Record Date will be advised in due course.

C S Wilkinson  
**Managing Director**  
**Northern Star Resources Ltd**

18 October 2006