



NORTHERN STAR
RESOURCES LIMITED

Northern Star takes strategic stake in emerging WA copper producer

Cash-rich gold miner capitalises on market conditions by acquiring up to 21% of Venturex Resources for maximum \$11m

Substantial cash reserves remain to fund existing organic and acquisition-driven growth in gold

ASX ANNOUNCEMENT
29 MAY 2012

Australian Securities Exchange
Code: NST

Board of Directors

Mr Chris Rowe
Non-Executive Chairman

Mr Bill Beament
Managing Director

Mr Michael Fotios
Non-Executive Director

Mr Peter Farris
Non-Executive Director

Mr Peter O'Connor
Non-Executive Director

Ms Karen Brown
Company Secretary

Issued Capital

Shares
402 M

Options 25M

Current Share Price
\$0.665

Market Capitalisation
\$267 million

Cash/Bullion in Bank: 31 Mar 2012
\$84.1 million

Projects

Paulsens
Ashburton
Range
Emull

Commodities

gold
gold
gold, silver
Zn, Cu, gold

Investments

Venturex (13%)

Commodities

Cu, Zn, Ag & gold

Highlights

- ▶ Northern Star uses its strong financial position to make strategic acquisition of a key stake in WA copper developer Venturex Resources (ASX - VXR)
- ▶ Northern Star continues to ramp up gold production to 200,000ozpa and pursue a major corporate and/or project gold acquisition (in line with strict criteria)
- ▶ Strategic VXR acquisition provides a low-cost diversification option in the medium-term. VXR market cap is \$40M, \$50M less than 6 months ago
- ▶ Northern Star and VXR agree non-binding MoU aimed at joint development of VXR flagship high-grade Pilbara Copper-Zinc Project
- ▶ Northern Star has a strong working relationship with new VXR MD Michael Mulroney as he was a former colleague of Bill Beament at a large Copper Mine in Nth Queensland
- ▶ Pilbara Project ideal fit with Northern Star's technical and underground mining expertise
- ▶ Northern Star GM of Finance and Commercial, Ray Parry to join Venturex Board
- ▶ Pilbara Project contains a resource of 550,000t¹ of CuEQ¹ metal, forecast annual production of 27,000t CuEQ, minimum 7 year mine life, \$390M EBIT, with a feasibility study due in five months
- ▶ Northern Star to consider further core gold acquisitions as part of opportunistic strategy to capitalise on the difficult sharemarket environment

Northern Star Resources Ltd (**ASX: NST**) is pleased to advise that it has agreed to acquire a strategic stake of up to 21 per cent in emerging WA copper producer Venturex Resources Ltd (**ASX: VXR**) for a maximum expenditure of \$11 million.

The acquisition is part of Northern Star's strategy to take advantage of its strong financial position at a difficult time for many resources companies and projects and to further secure the future of the Company.

Northern Star has been monitoring Venturex for the past 12 months as part of its plan to use its financial strength to acquire interests in quality projects. Venturex became increasingly attractive to Northern Star as the substantial merits of the Pilbara Project grew and Venturex's market capitalisation fell from \$90M to \$40 million in the past 6 months.

Venturex has recently appointed experienced mining executive Michael Mulroney to the position of Managing Director to oversee the revitalisation of the Company and the rapid development of its project.

His experience includes 30 years as a Geologist in the resources and finance sectors including extensive involvement in M&A. In his previous role with Argonaut Capital, he was closely involved in orchestrating the acquisition of Venturex's portfolio of assets. Mr Mulroney is highly regarded by the Northern Star Board.

Northern Star Managing Director Bill Beament said the Venturex acquisition would not distract the Company from its ongoing objective of making a major corporate and/or project acquisition using its debt-free balance sheet, the strong cashflow from its Paulsens gold mine in WA and its substantial cash balance.

Under the Venturex agreement, Northern Star will take a cornerstone 13 per cent stake in the Company through the placement of 163 million shares at 4 cents each for a total of \$6.5 million.

Northern Star will also underwrite a one-for-10 Venturex rights issue at 3.6 cents. This could deliver Northern Star a further stake of up to 8 per cent in Venturex for a cost of up to \$4.5 million. The Company will be paid a 1% underwriting fee.

Northern Star's General Manager of Finance & Commercial Ray Parry will join the Venturex Board. Mr Parry's commercial and financing experience in new mine start-ups will be a valuable addition to the VXR Board as its project progresses towards development.

As part of the arrangement, Northern Star and Venturex have signed a non-binding Memorandum of Understanding under which they will investigate the potential for a joint development of Venturex's flagship asset, the high-grade Pilbara Copper-Zinc Project.

The Project has a published JORC resource of 26.2 million tonnes at 2.2 per cent copper-equivalent¹, including a pre-feasibility mining inventory of 7Mt at 3.4 per cent copper-equivalent.

The current feasibility study underway by Venturex forecasts the Project could produce 27,000 tonnes of copper-equivalent a year over a minimum seven-year mine life with significant potential to increase this through further resource to reserve conversion and exploration success.

The pre-feasibility confidence level capital cost is estimated to be A\$236 million with forecast C1 costs of A\$1.15 a pound of payable copper (after credits), generating \$390M in EBIT.

The final feasibility study is due for completion in five months. This should enable the project to move quickly towards financing, development and construction.

Mr Beament said Northern Star's strong balance sheet and cashflow, which stems from its current production of ~80,000ozpa at Paulsens, meant it was perfectly placed to capitalise on the difficulties associated with the current share market volatility.

He said Venturex and the Pilbara Project was an outstanding fit for Northern Star for several reasons.

"The Pilbara Project is in our neighbourhood, where we already have the Paulsens Gold Mine and the Ashburton Gold Project," he said. "It has huge potential based on what is already known and there is significant exploration upside to substantially grow the Project.

"The Project meets our criteria, in part because it would enjoy a high head-grade, high cash margins and can be brought into production in a reasonable time. Northern Star's extensive technical and operational expertise, particularly in underground mines, can ensure that both the development and production potential is fully exploited.

"While we continue the search for a suitable major acquisition, we believe this demanding sharemarket environment will generate more opportunities for Northern Star to apply its financial and technical strengths to under-exploited projects."

Mr Beament has substantial experience in copper mining, having been General Manager of a large North Queensland Copper mine, where he was a colleague of Mr Mulroney. The Northern Star Board already enjoys a strong relationship with Mr Mulroney as a result of his role in introducing the Paulsens acquisition.

Mr Mulroney said Venturex welcomed Northern Star's investment.

"We are delighted to have an experienced and successful mining company such as Northern Star on our register," he said "We believe they can make a significant contribution to our ambition to develop a substantial new high grade copper-zinc operation in the Pilbara region."

For further information on Venturex Resources Ltd and its Projects please go the company's website www.venturexresources.com

Yours faithfully,



Bill Beament
Managing Director
Northern Star Resources Ltd

Forward Looking Statements

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Competent Persons Statements

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled or reviewed by Michael Mulroney BAppSc(Geo), MBA who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Mulroney is a full time employee of Venturex Resources Limited and has sufficient experience relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Mulroney consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

MINERAL RESOURCES (AS AT 30 SEPTEMBER 2011)

Location		JORC Classification	Tonnes x 1,000	Cu wt%	Zn wt%	Pb wt%	Ag g/t	Au g/t	CuEQ wt %
Whim Creek		Indicated	967	1.4	1.2	0.2	8.8	0.1	1.8
		Inferred	4	0.5	2.3	0.6	13.9	0.1	1.1
		Sub-total	972	1.4	1.2	0.2	8.8	0.1	1.8
Mons Cupri		Measured	1,273	1.5	1.7	0.8	41.1	0.3	2.4
		Indicated	3,286	0.7	1.1	0.4	17.7	0.1	1.2
		Inferred	48	0.7	0.6	0.1	9.0	0.0	0.9
		Sub-total	4,607	0.9	1.3	0.5	24.1	0.1	1.5
Salt Creek	Zn	Indicated	475	0.2	14.1	4.4	107.1	0.5	6.4
	Cu	Indicated	423	3.7	0.9	0.1	2.7	0.1	4.0
		Inferred	105	3.5	0.1	0.0	1.5	0.0	3.6
		Zn/Cu	Sub-total	1,003	2.0	7.0	2.1	52.0	0.3
Liberty-Indee		Indicated	453	2.2	4.5	0.4	42.0	0.9	4.0
		Inferred	204	1.0	1.8	0.2	22.4	0.4	1.8
		Sub-total	657	1.8	3.7	0.3	35.9	0.8	3.3
Sulphur Springs		Measured	4,260	1.7	3.4	0.2	18.2	0.0	2.5
		Indicated	9,621	1.3	3.8	0.2	18.2	0.0	2.2
		Inferred	5,154	0.7	2.0	0.2	13.9	0.0	1.3
		Sub-total	19,035	1.2	3.2	0.2	17.0	0.0	2.0
All Locations		Measured	5,533	1.6	3.0	0.3	23.4	0.1	2.5
		Indicated	15,226	1.2	3.3	0.4	20.6	0.1	2.2
		Inferred	5,515	0.8	1.9	0.2	13.9	0.0	1.3
		Total Sulphide Resources	26,274	1.2	3.0	0.3	19.8	0.1	2.1

¹ Pilbara Project Copper/Zinc Resources

Mons Cupri / Whim Creek / Liberty-Indee: CuEQ = Cu + (Zn X 0.1947) + (Ag X 0.01104) + (Au X 0.483)

Salt Creek: CuEQ = Cu + (Zn X 0.28) + (Pb X 0.26) + (Ag X 0.008) + (Au X 0.513)

Sulphur Springs: CuEQ = Cu + (Zn X 0.2017) + (Ag X 0.01076)