ASX ANNOUNCEMENT
01 AUGUST 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
409 M

Options 27.7M

Current Share Price
$0.88

Market Capitalisation
$360 million

Cash/Bullion in Bank: 30 Jun 2012
$75 million

Projects	Commodities
Paulsens	gold
Ashburton	gold
Range	gold, silver
Emull	Zn, Cu, gold

Investments	Commodities
Venturex (15%)	Cu, Zn, Ag & Au

NORTHERN STAR
RESOURCES LIMITED

Northern Star posts 57% rise in full-year profit to $31.4m

NPAT up 35 per cent to $22m

Highlights

- **FY12 profit before tax of $31.4m, up from $20m in previous year**
- **EBITDA $49.4m**
- **Substantial financial result comes after spending $28m on exploration, investments and other 'one-offs'**
- **$75m cash and bullion at June 30**
- **Earnings per share "EPS" 6.1c**
- **Result stems from production of 67,206oz at a cash cost of $713/oz (inclusive of $38/oz royalties)**
- **$42.5m raised through share placement at 90c**
- **Mine productivity up by 43% since switching to owner-operator; Total mine cost per tonne fell 20% from the previous year to $176/tonne**
- **On track to meet CY2012 production guidance of 75-80,000oz and surplus cash of $35m**

Northern Star Resources (ASX: NST) is pleased to advise that the heavy emphasis it places on maximising shareholder returns has paid dividends, with the Company posting a 57 per cent increase in profit to $31.4 million for the year to June 30, 2012.

The result came on the back of production of 67,206 ounces at cash cost of $713/oz (inclusive of $38/oz royalties). The outcome was boosted by an increase in the average realised gold price to $1,613oz from $1,367/oz previously.

The outstanding result leaves the Company with $75 million cash and bullion at June 30, 2012. The Company has no bank debt.

This came despite lower production in the March Quarter due to a shortage of water for the mill and gold grades falling temporarily. The water shortage was easily overcome by drilling more bores. The lower grades occurred because the Company took a strategic decision to mine the lower grade ore in order to increase access to significant quantities of higher grade material.

NORTHERN STAR
RESOURCES LIMITED

The substantial benefits of this investment became clearly evident in the June Quarter, with production rising sharply to 18,955oz at a cash cost of $646/oz (inclusive of $36/oz royalties) for the three months. And the return on this investment is continuing to flow, with Northern Star on track to meet its production guidance for calendar 2012 of 75-80,000oz, generating surplus cash of $35 million.

Northern Star Managing Director Bill Beament said the profit, while assisted by the strong gold price, also reflected the Company's commitment to "mining ounces, not tonnes".

"We have a policy of maximising the amount of surplus cash we generate, which requires us to drive down costs at the same time as growing tonnages," Mr Beament said.

The benefits of this approach were highlighted by the 43 per cent increase in mine productivity recorded at the Company's flagship Paulsens mine since it switched to owner-operator. As a result, total mine cost per tonne has reduced by 20% to $176.

Northern Star's net asset position soared during the year to $94.5 million from $26.1 million previously, reflecting both the cash generated by the strong operating performance and the $42.5 million raised through a share placement at 90c.

The outstanding results represent the culmination of an extremely successful year for Northern Star in which it enjoyed spectacular exploration results, including the discovery of the high-grade Voyager 1 extension zone at Paulsens. It also hit mineralisation at depths well below the known limits at Paulsens, highlighting the potential for significant increases in mine life.

Yours faithfully,

Bill Beament

Bill Beament
Managing Director

Forward Looking Statements

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NORTHERN STAR
RESOURCES LIMITED

Annual Financial Report
For the year ended 30 June 2012

CORPORATE DIRECTORY

TABLE OF CONTENTS

DIRECTORS

Christopher Rowe (Non-Executive Chairman)
Bill Beament (Managing Director)
Peter Farris (Non-Executive)
Michael Fotios (Non-Executive)
Peter O'Connor (Non-Executive)

COMPANY SECRETARY

Karen Brown

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SHARE REGISTRY

Advanced Share Registry Limited
150 Stirling Highway
Nedlands WA 6009
Telephone: (08) 9389 8033
Investor website: www.advancedshare.com.au

HOME STOCK EXCHANGE

ASX Limited (Australian Securities Exchange)
2 The Esplanade
Perth WA 6000
ASX Code: NST

AUDITORS

Rothsay Chartered Accountants
152-158 St Georges Tce
Perth WA 6000

OVERVIEW

Northern Star Resources Ltd is an ASX 300 gold producing and exploration company with a resource base of over 1.3 million ounces, located in the highly prospective Ashburton-Pilbara region of Western Australia. Northern Star's strategy is to increase the production at its Paulsen's Gold Mine to 100,000 ounces per annum rate by the end of 2012. Exploration will continue at both the Ashburton and Paulsen's Gold Project with the goal of building a second 100,000 ounce per annum operation at the Ashburton Project.

HEALTH AND SAFETY

The Health and Safety of our employees and contractors continues to be a fundamental measure of success for the business. The on-going focus and commitment to a safe workplace is resulting in a notable improvement in our safety performance. Lost time injury frequency rate for the Paulsens Gold Project of 2.4 were well below the WA Gold industry frequency rate of 3.5.

MINE PRODUCTION

All ore to-date has been sourced from Paulsens gold mine. A total of 72,007 ounces was mined at an average grade of 6.25 g/t Au for the 2011/2012 year. Cash costs for the period were $713 per ounce Au (including State Government Royalties of $38/oz). Total mine productivity increased by 43% since moving to owner operator and the full benefits of this change out are now being realised which translates to a $1 million cost saving per quarter when compared to previous contractor's rates

There were 336,877 tonnes milled during the period at an average head grade of 6.63 g/t Au for 67,211 ounces recovered. Unprocessed ore stocks available for mill feed at the end of the period totalled 27,074 tonnes containing 2,536 ounces of gold. Gold in circuit at the end of the period totalled 1,830 ounce. Bullion on hand amounted to 6,345 ounces and was subsequently sold in July realising $10 million. Both of these items are reflected in the accounts as gold in circuit at cost.

PAULSENS	UNITS	SEP QTR	DEC QTR	MAR QTR	JUN QTR
Ore Hoisted	*Tonnes*	60,795	76,995	64,132	85,996
Mined Grade	*g/t Au*	7.90	7.80	6.40	7.50
Gold in Ore Hoisted	*Oz*	15,495	19,311	13,100	20,755
Low Grade Hoisted	*Tonnes*	18,469	10,760	19,130	21,974
Grade	*g/t Au*	1.50	1.80	1.20	1.60
Gold in Low Grade	*Oz*	868	613	750	1,111
Total Ore Hoisted	*Tonnes*	79,265	87,755	83,262	107,970
Mined Grade	*g/t Au*	6.40	7.10	5.20	6.30
Gold in Ore Hoisted	*Oz*	16,363	19,924	13,855	21,865
Milled Tonnes	*Tonnes*	84,735	85,447	77,769	88,926
Head Grade	*g/t Au*	6.70	7.00	5.60	7.00
Ounces Produced	*Oz*	18,368	19,313	13,991	20,156
Recovery	*%*	93	94	94	94
Gold Recovered	*Oz*	17,043	18,081	13,127	18,955
Ounces Poured	*Oz*	18,623	17,982	13,240	18,114
Ounces Sold	*Oz*	18,158	15,995	14,817	12,644
Average Gold Price	*A$/oz*	1,607	1,642	1,602	1,596
Revenue	*A$M*	29.2	26.3	23.7	20.2
Cash Cost	*A$/oz*	647	682	904	646
Ore High Grade Stockpile	*Tonnes*	4,267	4,729	5,260	6,674
Stockpile Grade	*g/t Au*	3.50	6.70	4.30	7.50
Contained Gold in Stockpile	*Oz*	478	1,018	721	1,605
Ore Low Grade Stockpile	*Tonnes*	1,474	864	3,356	20,400
Stockpile Grade	*g/t Au*	1.40	1.80	1.00	1.40
Gold in Low Grade Stockpile	*Oz*	68	50	108	931
Total Stockpiles Contained Gold	*Oz*	546	1,068	829	2,536
Gold in Circuit (GIC)	*Oz*	943	1,080	979	1,832
Gold in Transit (GIT)	*Oz*	465	2,451	875	6,345

FINANCIAL RESULT

For the year ended 30 June 2012, the Company had produced 67,206 ounces at an average cash cost of $713 per ounce (including State Government Royalty of $38/oz). Revenue totalled $100 million, at an average gold sale price of $1613 per ounce. Gross profit for the year was $57 million. Northern Star forecasts FY 2013 gold production cash costs at circa $665 per ounce (including State Government Royalty of $38/oz) maintaining Northern Star's position as one of Australia's lowest cost and highest margin gold producers.

	UNITS	SEP QTR	DEC QTR	MAR QTR	JUN QTR
Cash Operating Costs	*A$/oz*	639	609	883	611
Capital Development Costs)	*A$/oz*	283	274	347	336
Royalties	*A$/oz*	43	32	45	36
Total Expenditure Costs	*A$/oz*	965	915	1,275	982
Average Realised Gold Price	*A$/oz*	1,607	1,642	1,602	1,596

CORPORATE

In February 2012, Northern Star completed a capital-raising with the placement of 50,000,000 shares at 90 cents each to institutions and sophisticated investor clients of Morgan Stanley Smith Barney to raise net proceeds of $42.7 million after costs. Funds raised from the issue were used for:

– Process facility upgrade
– Aggressive exploration at Paulsens and Ashburton gold projects in WA
– to seize any acquisition opportunities

In May 2012, Northern Star became a cornerstone investor acquiring a 13% stake in Venturex Resources Limited (ASX:VXR) through a placement of 163 million shares at 4 cents.

In May 2012, Peter O'Connor was appointed to the Board as Non-executive Director.

EXPLORATION

Paulsens in Mine Drilling

During the year Northern Star Resources increased the Paulsens project resource base by 41% to 318,000oz. In addition to the updated resource, a JORC-compliant Reserve of 113,000oz has been estimated on Paulsens. This is the first Reserve estimate at Paulsens since 2008.

Paulsens Group

The Belvedere deposit is located just 8km from the Paulsens processing plant. A maiden Resource for Belvedere of 168,000t at 3.3g/t for 18,000oz gold were announced during the period.

An RC drilling program is planned for the Merlin prospect, which lies around 20km NW of Paulsens. A maiden resource for the Merlin prospect of 523,000t at 1.4g/t for 24,000 gold was announced during the period

Ashburton Group

During the year Northern Star's strategy to establish a second 100,000 ounce-a-year operation received a significant boost with resources at its Ashburton Project soaring 50% to 1,007,000oz. The Company also released a 53,000oz Reserve, comprised of all free-milling ore. The increased Resource inventory now totals 11.6 million tonnes at 2.7gpt. It comprises 318,000oz in free-milling ore and 689,000oz in sulphide ore.

RESOURCES

A 41% increase to total JORC gold resource ounces at Paulsens was achieved from the Company's underground and surface drilling programmes throughout the year. The December 2011 JORC resource for Paulsens totals 2.3 million tonnes at 4.3 g/t Au for 318,000ozs.

At Ashburton a maiden JORC gold resource was achieved from the Company's surface drilling programmes throughout the year. The December 2011 JORC resources for Ashburton totals 12million tonnes at 2.7 g/t Au for 1 million oz.

	MEASURED		INDICATED		INFERRED		TOTAL		
	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade	Oz Au
31 DECEMBER 2011	(,000)	(g/t)	(,000)	(g/t)	(,000)	(g/t)	(,000)	(g/t)	(,000)
Open Pit			573	2.5	169	2.5	742	2.5	61
Paulsens Upper Levels			136	7.1	32	5	168	6.7	36
Voyager 1	57	11.1	318	8.9	101	15.5	476	10.5	161
Paulsens Stockpiles									5
Belvedere			45	2.8	123	3.5	168	3.3	18
Merlin					523	1.4	523	1.4	24
Mt Clement JV					226	1.8	226	1.8	13
Total	57	11.1	1073	5	1174	3.2	2,304	4.3	318

Table 1 - Paulsens Resources @ 2.5g/t Au Lower Cut-Off Underground and 1.0g/t Au Lower Cut-Off Open Pit

	PROVEN			PROBABLE			TOTAL		
	Tonnes	Grade		Tonnes	Grade		Tonnes	Grade	Oz Au
31 DECEMBER 2011	(,000)	(g/t)		(,000)	(g/t)		(,000)	(g/t)	(,000)
Open Pit		424		2.3	424		2.3	31	
Paulsens Upper Levels		39		4	39		4	5	
Voyager 1	117	6.1		248	6.1		365	6.1	72
Paulsens Stockpiles	6	5.9					6	5.9	1
GIC and GIT								4	
Total	123	6.1		711	3.7		834	4.1	113

Table 2 - Paulsens Reserves Underground and Open Pit

	MEASURED		INDICATED		INFERRED		TOTAL		
	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade	Oz Au
31 DECEMBER 2011	(,000)	(g/t)	(,000)	(g/t)	(,000)	(g/t)	(,000)	(g/t)	(,000)
Mt Olympus	1,712	2.5	1,533	2.3	4,956	2.8	8,201	2.6	695
Peake			95	5.6	794	4.2	889	4.3	123
Waugh			347	3.6	240	3.6	587	3.6	68
Zeus			508	2.1	532	2.2	1,040	2.2	72
Electric Dingo			98	1.6	444	1.2	542	1.3	22
Romulus					329	2.6	329	2.6	27
Total	1,712	2.5	2,581	2.5	7,295	2.8	11,588	2.7	1,007

Table 3 - Ashburton Mineral Resources Inclusive of Reserves - 0.7g/t lower cut used for Mt Olympus and 0.9g/t lower cut for others

	PROVEN			PROBABLE			TOTAL		
	Tonnes	Grade		Tonnes	Grade		Tonnes	Grade	Oz Au
31 DECEMBER 2011	(,000)	(g/t)		(,000)	(g/t)		(,000)	(g/t)	(,000)
Mt Olympus	248	3.6		113	3.6		361	3.6	42
Peake				47	5		47	5	8
Waugh									
Zeus				38	2.4		38	2.4	3
Electric dingo									
Romulus									
Total	248	3.6		198	11.0		446	3.7	53

Table 4 - Ashburton Reserves @ A$1600 gold price based on oxide/transitional material only (free milling)

Competent Persons Statements

The information in this Report that relates to Paulsens and Mt Olympus mineral resource estimation, exploration results, data quality, geological interpretations, potential for eventual economic extraction and estimates of exploration potential, is based on information compiled by or under the supervision of Brook Ekers, (Member AIG), who is a full-time employee of Northern Star Resources Ltd. 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Information in this Report that relates to the Ore Reserves has been compiled by Shane McLeay, Principal Engineer – Entech Pty Ltd, who has sufficient experience 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Shane McLeay is a Member of the Australasian Institute of Mining and Metallurgy and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to Exploration Results, Mineral Resources or Ore Reserves in the 'Exploration' section of this report is based on information compiled by Jason Boladeras, who is a Member of the Australian Institute of Geoscientists (AIG) and Exploration Manager and casual employee of Northern Star Resources.Mr Boladeras 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Boladeras consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration Potential

The information in this Report that relates to exploration and production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. The information on exploration targets in this presentation are based on a conceptual range of targets as follows:

- *Tonnage range: 350,000 to 600,000 tonnes*
- *Grade range: 9 g/t Au to 13 g/t Au*
- *Ounces: 100,000 to 250,000*

Forward Looking Statements

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The directors of Northern Star Resources Ltd (Northern Star) present their report together with the consolidated financial report for the year ended 30 June 2012.

DIRECTORS

The Directors in office at the date of this report and at any time during the financial year are as follows. Directors were in office for the entire year unless otherwise stated.

Christopher K G Rowe	Chairman
William J (Bill) Beament	Managing Director
Peter C P Farris	Director
Michael G Fotios	Director
Peter O'Connor	Director (*Appointed 25 May 2012*)

INFORMATION ON DIRECTORS

Christopher Kenneth George Rowe

BA, MA Economics and Law (Chairman) Age 68

Mr Rowe has practised as a lawyer both in the United Kingdom and in Western Australia before becoming a full time consultant to the mining and oil and gas industry. He has been chairman or deputy chairman of a number of public listed mining and oil and gas related companies in Australia and North America holding both executive and non-executive positions.

Special Responsibilities

- Chair of nomination and remuneration committees
- Chair of audit committee.

Other Current Directorships of Listed Companies

- Target Energy Ltd (chairman from January 2010)

Former Directorships of Listed Companies in last three years

- Tangiers Petroleum Ltd (from April 2008 to October 2010)

Bill Beament

BEng-Mining (Hons) (Managing Director) Age 37

Mr Beament is a mining engineer with more than 15 years' experience in the resource sector in mine management. He had held several senior management positions, including General Manager of the Eloise Copper Mine in Queensland and Operations manager for Barminco Limited with overall responsibility for 12 mine sites across Western Australia.

Special Responsibilities

- Member of nomination committee.

Other Current Directorships of Listed Companies

- None

Former Directorships of Listed Companies in last three years

- None

Peter Charles Farris

Diploma Business Perth Tech, Diploma Business RMIT, MAICD (Non-executive Director) Age 67

Mr Farris is a well-respected and highly credentialed businessman in the Perth real estate industry and corporate advisory services. He has managed and developed major real estate companies with turnovers in excess of $200 million and has extensive experience in company management.

Special Responsibilities

– Member of nomination and remuneration committees
– Member of audit committee.

Other Current Directorships of Listed Companies

– None

Former Directorships of Listed Companies in last three years

– None

Michael George Fotios

BSc (Hons) MAusIMM (Non-executive Director) Age 50

Mr Fotios has qualifications in Geology specialising in Economic Geology with extensive experience in exploration throughout Australia working with gold, base metals, tantalum, tin and nickel from exploration to feasibility over the last 26 years. He previously held positions with Homestake Australia Limited and Sons of Gwalia Limited.

Special Responsibilities

– Member of nomination and remuneration committees
– Member of audit committee (to June 2012).

Other Current Directorships of Listed Companies

– General Mining Corporation Limited (from June 2012)
– Horseshoe Metals Limited (from May 2012)
– Pegasus Metals Limited (from December 2009)

Former Directorships of Listed Companies in last three years

– None

Peter O'Connor

MA, Economics and Political Science, Trinity College, Dublin University; Barrister-at Law, The Kings Inn, Dublin (Non-executive Director) Age 71

Mr O'Connor has extensive global experience in the funds management industry, both public and private companies in developed and emerging economies. He was a co-founder, director and deputy chairman of FundQuest UK Ltd which had €50 billion of assets under management or advice from 1998-2008 and deputy chairman from 2008-2010.

Special Responsibilities

– Member of nomination and remuneration committees (from 18 June 2012)
– Member of audit committee (from 18 June 2012)

Other Current Directorships of Listed Companies

– Brazilian Metals Group Ltd (from May 2011)

Former Directorships of Listed Companies in last three years

– NEO Material Technologies Inc – *TSX Listed* (from December 1993 to June 2012)
– Advance Developing Markets Fund - *LSE Listed* (from October 1998 to April 2012)

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held during the year ended 30 June 2012, and the numbers of meetings attended by each Director were:

			MEETING OF COMMITTEES					
	DIRECTORS MEETING		AUDIT		REMUNERATION		NOMINATION	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Christopher Rowe	11	11	2	2	2	2	2	2
Bill Beament	11	11	N/A*	N/A*	N/A*	N/A*	2	2
Peter Farris	10	11	2	2	2	2	2	2
Michael Fotios	11	11	1	1	2	2	2	2
Peter O'Connor	3	3	1	1	-	-	-	-

* Not a member of the relevant committee

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital as notified by the Directors to the Australian Securities Exchange in accordance with s205G(1) of the Corporations Act 2001, at the date of this report is as follows:

NAME OF DIRECTOR	FULLY PAID ORDINARY SHARES	OPTIONS	EXERCISE PRICE	DETAILS OF OPTIONS
Christopher Rowe	5,410,180	864,681	10c	Unlisted Options Expiring 04/09/12
		500,000	5c	Unlisted Options Expiring 04/09/12
		500,000	10c	Unlisted Options Expiring 04/09/13
Bill Beament	14,670,000	6,500,000	10c	Unlisted Options Expiring 04/09/13
		2,000,000	91c	Unlisted Options Expiring 28/06/14
Peter Farris	999,998	-	-	-
Michael Fotios	49,539,374	5,000,000	10c	Unlisted Options Expiring 04/09/13
Peter O'Connor	100,000	-	-	-

Note: Details of relevant interest of each Director are outlined at Note23 to the financial statements.

CORPORATE STRUCTURE

Northern Star Resources Ltd is a company limited by shares that is incorporated and domiciled in Australia. Northern Star Resources Ltd has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

Northern Star Resources Ltd	–	parent entity
Northern Star Mining Services Pty Ltd	–	100% owned subsidiary

PRINCIPAL ACTIVITIES

The principal activities of the Group are:

- Mining of gold deposits at Paulsens
- Construction and development of gold mining operations at Paulsen's
- Exploration and development of gold deposits in the Ashburton region of Western Australia.

REVIEW OF OPERATIONS

The entity's operations are discussed in detail in the operations report contained in this annual financial report.

EARNINGS PER SHARES

Basic Earnings Per Share was 6.1 cents (2011: 5.9 cents).

DIVIDENDS

The Board is currently considering the payment of a dividend, at this stage the amount per share is yet to be determined.

FINANCIAL POSITION

The profit of the Group for the financial period, after providing for income tax amounted to $22 million (2011: $16 million). At the end of the financial year the Group had $65million in cash (2011: $17 Million) and $10 million in gold bullion (2011: $Nil). The positive cash flow generated through operating activities was reinvested in growth projects and used mainly to:

- accelerate exploration ($20 million) to increase the resource inventory by ~600,000 oz;
- construct a ventilation shaft ($5 million) to expand the underground operations;
- commence upgrading the processing plant at Paulsens operations ($1.4 million); and
- acquire a strategic shareholding in Venturex Resources Limited ($6.5 million)

The $10 million in gold bullion mentioned above is the market value which is based on 6,345 oz at $1,571.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the Company:

(i) Completed a capital-raising with the placement of 50,000,000 shares at 90 cents each to raise $45 million before costs.
(ii) Sold the Golden Crown gold project to Bulletin Resources Limited for $200,000 satisfied by the issue of 1,624,695 Bulletin shares.
(iii) Became a cornerstone investor acquiring a 13% stake in Venturex Resources Limited (ASX:VXR).

These matters are described in further details above under Review of Operations.

SUBSEQUENT EVENTS

There are no other matters or circumstances other than the future development of the production site that have arisen since 30 June 2012 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years except for the following:

1) Northern Star acquired a further 37 million shares in Venturex Resources Limited (ASX:VXR) at 3.6 cents

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company holds licences and abides by Acts and Regulations issued by the relevant mining and environmental protection authorities. The Company has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. These licences, Acts and Regulations specify limits and regulate the management of various environmental management issues, including discharges to the air, surface water and groundwater associated with the Company's mining operations as well as the storage and use of hazardous materials.

All environmental performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2012.

SHARE OPTIONS

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	NUMBER	EXERCISE PRICE (cents)	EXPIRY DATE
Unlisted Options	833,333	5	Expiring on 4 Sept 2012
Unlisted Options	7,073,995	10	Expiring on 4 Sept 2012
Unlisted Options	12,333,333	10	Expiring on 4 Sept 2013
Employee Options	1,000,000	20	Expiring on 30 July 2013
Employee Options	333,333	20	Expiring on 11 Oct 2013
Employee Options	333,333	25	Expiring on 11 Oct 2014
Employee Options	333,334	15	Expiring on 4 Nov 2012
Employee Options	333,333	20	Expiring on 4 Nov 2013
Employee Options	333,333	25	Expiring on 4 Nov 2014
Employee Options	333,334	35	Expiring on 17 Oct 2012
Employee Options	333,333	50	Expiring on 17 Oct 2013
Employee Options	333,333	65	Expiring on 17 Oct 2014
Employee Options	333,334	120	Expiring on 27 Feb 2014
Employee Options	333,333	150	Expiring on 27 Feb 2015
Employee Options	333,333	181	Expiring on 27 Feb 2016
Employee Options	375,000	80	Expiring on 14 May 2013
Employee Options	375,000	80	Expiring on 30 June 2013
Unlisted Options	2,000,000	91	Expiring on 28 June 2014

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director and Executive of Northern Star Resources Ltd. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company, and includes Executives in the Group receiving the highest remuneration.

For the purposes of this report the term "Executive" includes those key management personnel who are not directors.

Remuneration Committee

The Remuneration Committee (as from 1 July 2011) comprises four independent non-executive directors. In order to ensure that this committee is fully informed when making remuneration decisions, the committee receives reports from executive directors (who the committee invites to attend meetings as and when appropriate), and can draw on services from a range of external sources if required.

Northern Star's Remuneration Committee is responsible for setting the remuneration policies and reviewing and recommending the total remuneration for directors and the management team (including key management personnel). Non-executive remuneration reviews are also undertaken by the Remuneration Committee, providing recommendations to the full Board.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative information and internal and independent external information.

The remuneration review undertaken during the 2012 year completed a comprehensive review of the performance and remuneration of all executive key management personnel. The committee reviewed industry data from the April 2011 Australasian Gold & General Mining Industry Remuneration Report by McDonald & Company (Australasia) Pty Ltd. In addition the Managing Director presented the performance reviews undertaken on each executive key management personnel.

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre Executives;
- link Executive rewards to shareholder value; and
- establish appropriate performance hurdles in relation to variable Executive remuneration.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-executive Director and executive management remuneration is separate and distinct.

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

Non-executive Directors' fees are paid within an aggregate limit (currently $500,000 per annum) which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-executive Directors' remuneration may include an incentive portion consisting of bonuses and/or equity based remuneration, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules and any other applicable statutory regulation. Any option incentive portion is targeted to add to shareholder value by having a strike price considerably greater than the market price at the time of granting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Director fees being paid by comparable companies with similar responsibilities and the experience of the Non-executive Directors when undertaking the annual review process.

Executive Director and Senior Executive Remuneration

Objective

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

– reward Executives for company, and individual performance;
– ensure continued availability of experienced and effective management; and
– ensure total remuneration is competitive by market standards.

Structure

In reviewing the level and make-up of Executive total remuneration, the Remuneration Committee ensures remuneration reflects the market salary for a position and individual of comparable responsibility and experience. Remuneration is compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Remuneration Committee may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

Total remuneration consists of a fixed remuneration and a long term incentive portion (equity based remuneration and/or bonuses) as considered appropriate.

Fixed Remuneration - Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually and the process consists of a review of Company and individual performance, and relevant comparative remuneration in the market.

Fixed Remuneration - Structure

The fixed remuneration is a base salary plus super or monthly consulting fee.

Variable Pay — Long Term Incentives - Objective

The objective of long term incentives is to reward Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Variable Pay — Long Term Incentives – Structure

Long term incentives granted to Executives are in the form of share based remuneration, e.g. options or performance shares. These incentives granted are aimed to motivate Executives to pursue the long term growth and success of the Company within an appropriate control framework and demonstrate a clear relationship between key Executive performance and remuneration. Executive Director options are granted at the discretion of the Board as recommended by the Remuneration Committee and approved by shareholders. The Executive Management Team are granted options under Northern Star's employee incentive scheme as recommended by the Remuneration Committee. Performance hurdles are not attached to vesting periods; however the Remuneration Committee determines appropriate vesting periods to provide rewards over a period of time to the recipients.

Bonus plan

As part of the Executive remuneration package, bonuses may be granted based on the achievement of agreed milestones set by the Remuneration Committee. The intention of this program is to facilitate goal congruence between Executives with that of the Company's business and shareholders. The milestones are set with a certain level of consultation with Executives to ensure buy-in. The measures are specifically tailored to the areas each Executive is involved in and has a level of control over. The milestones target areas covering financial and non-financial as well as short and long-term goals. The level set for each milestone is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the milestones is assessed annually, with bonuses being awarded depending on the number of the milestones including; safety, production targets for tonnes and ounces, site performance and production growth targets being achieved. Following the assessment, the milestones are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the milestones are set for the following year.

Bonuses may also be granted at the discretion of the Board to reward performance.

B. SERVICE AGREEMENTS

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the executive directors and the other key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of performance related cash bonuses, director options and participation, when eligible, in the Northern Star Resources Ltd Employee Incentive scheme. Other major provisions of the agreements relating to remuneration are set out below.

	TERM OF AGREEMENT	BASE SALARY (at 30/6/12)	TERMINATION NOTICE	TERMINATION BENEFIT
Directors				
Christopher Rowe	Required to retire at the third annual general meeting after election.	$120,000	N/A	None
Bill Beament	Commencing 30 July 2010	$454,546	3 Months	12 Months
Peter Farris	Required to retire at the third annual general meeting after election.	$70,000	N/A	None
Michael Fotios	Required to retire at the third annual general meeting after election.	$70,000	N/A	None
Peter O'Connor	Required to retire at the third annual general meeting after election.	$70,000	N/A	None
Key Management Personnel				
Raymond Parry	Commencing 4 October 2010	$275,000	1 Month	None
Karen Brown	Commencing 1 February 2004	$33,000	1 Month	None

C. DETAILS OF REMUNERATION

Directors

The following persons were Directors of Northern Star Resources Ltd during the financial year:

Christopher K G Rowe – Chairman
Bill Beament – Managing Director
Peter C P Farris – Director
Michael G Fotios – Director
Peter O'Connor – Director

Other Key Management Personnel (employees and consultants)

Raymond Parry – Chief Financial Officer
Karen Elizabeth Vere Brown – Company Secretary

There were no other persons that fulfilled the role of a key management person, other than those disclosed as Directors.

Remuneration of Key Management Personnel

Details of the remuneration of each Director and named Executive Officer of the Company, including their personally-related entities, during the year was as follows:

	Year	SALARY / CONSULTING FEES $	STI CASH PAYMENT^ $	SUPER $	OPTIONS $	TOTAL $	REMUNERATION CONSISTING OF OPTIONS DURING THE YEAR %
Directors							
Christopher Rowe	2012	109,638	-	-	1,537	111,175	1.38%
	2011	62,150	-	-	3,309	65,459	5.06%
Bill Beament	2012	460,855	129,867	24,979	6,045	621,746	0.97%
	2011	380,675#	28,026	12,500	43,014	464,215	9.27%
Peter Farris	2012	56,329	-	-	2,335	58,664	3.98%
	2011	60,898	-	-	4,396	65,294	6.73%
Michael Fotios	2012	53,333	-	-	15,373*	68,706	22.38%
	2011	36,667	-	-	33,088*	69,755	47.43%
Peter O'Connor	2012	7,671	-	-	-	7,671	0.00%
Key Management Personnel							
Raymond Parry	2012	252,273	57,732	29,091	26,413	365,509	7.23%
Karen Brown	2012	33,000	-	-	274	33,274	0.82%
	2011	33,000	-	-	2,206	35,206	6.27%

Notes:

* Options were issued to Delta Resources Pty Ltd, a company with which Mr Fotios is associated.

Amount includes allowances to cover Mr Beament's statutory salary on-costs and insurances

^Amounts were cash payments determined and granted after performance reviews were completed and approved by the remuneration committee. The STI Cash Payment is for performance during the respective financial year using criteria defined above.

Performance hurdles are not attached to remuneration options; however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

D. SHARE-BASED COMPENSATION

The following options were granted as equity compensation benefits to key management personnel. These options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at various exercise prices with various expiry dates.

	NUMBER	EXERCISE PRICE (cents)	ISSUE DATE	EXPIRY DATE
Bill Beament	2,000,000	91	29 June 2012	28 June 2014

The assessed fair values of the options with an exercise price were determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option.

E. VOTING AND COMMENTS MADE AT THE COMPANY'S 2011 ANNUAL GENERAL MEETING

Northern Star received more than 88% of "yes" votes on its remuneration report for the 2011 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the audited remuneration report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has paid a premium to insure the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group.

AUDITOR INDEPENDENCE

The auditor's independence declaration for year ended 30 June 2012 under s307C of the Corporations Act 2001 has been received and can be found after the Director's Report.

NON-AUDIT SERVICES

No other services were provided by the auditor.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.

Bill Beament

Bill Beament
Managing Director
Perth, Western Australia
31st July 2012

ROTHSAY

Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 6364 5076 www.rothsay.com.au

The Directors
Northern Star Resources Ltd
1 Puccini Court
Stirling WA 6021

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2012 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

GR Swan

Graham R Swan (Lead auditor)

Rothsay

Rothsay Chartered Accountants

Dated 31 JULY 2012.

NORTHERN STAR RESOURCES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	NOTES	GROUP 30 JUNE 2012 $'000	GROUP 30 JUNE 2011 $'000
Revenue from operations	2 (a)	99,525	114,925
Mine operating costs	3 (a)	(42,542)	(42,233)
Gross profit		56,983	72,692
Other revenue	2 (b)	2,567	331
Acquisition Royalty expense		-	(22,085)
Government Royalty expense		(2,570)	(2,743)
Depreciation and amortisation		(17,400)	(24,424)
Administration		(5,477)	(2,068)
Exploration expenses		(2,060)	(767)
Net loss on financial assets held at fair value through profit or loss		(70)	-
Finance costs		(529)	(919)
Profit before Income Tax		31,444	20,016
Income tax expense	5	(9,481)	(3,731)
Profit for the Period		21,964	16,285
Other comprehensive income		-	-
Total Comprehensive Income for the Period		21,964	16,285
Total Comprehensive Income Attributed to:			
Owners of the Company		21,964	16,285

		CENTS PER SHARES	CENTS PER SHARES
Earnings Per Share			
Basic earnings/(loss) per share (cents per share)	4	6.1	5.9
Diluted earnings/(loss) per share (cents per share)	4	5.1	4.3

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

NORTHERN STAR RESOURCES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	NOTES	GROUP 30 JUNE 2012 $'000	GROUP 30 JUNE 2011 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	7 (a)	64,962	16,574
Trade and other receivables	8	1,817	4,940
Inventory	9	9,077	4,812
Other current assets	10	162	653
Total Current Assets		76,018	26,979
Non-Current Assets			
Investments	11	6,653	-
Property, plant & equipment	12	19,883	10,966
Exploration tenements	13	24,785	9,029
Mine Development	14	5,654	1,053
Deferred tax assets	6 (a)	1,013	727
Total Non-Current Assets		57,988	21,776
TOTAL ASSETS		134,007	48,755
LIABILITIES			
Current Liabilities			
Trade and other payables	15	14,967	10,599
Financial Liabilities	16 (a)	4,708	1,339
Provisions	17 (a)	986	591
Current tax liabilities	6 (c)	3,633	2,992
Other liabilities	15	(9)	26
Total Current Liabilities		24,285	15,547
Non-Current Liabilities			
Financial Liabilities	16 (b)	4,719	2,750
Provisions	17 (b)	2,827	2,863
Deferred tax liabilities	6 (b)	7,668	1,467
Total Non-Current Liabilities		15,213	7,081
TOTAL LIABILITIES		39,499	22,628
NET ASSETS		94,508	26,127
EQUITY			
Contributed equity	18	64,613	18,306
Reserves	19	503	392
Retained earnings		29,393	7,429
TOTAL EQUITY		94,508	26,127

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2012

	NOTES	GROUP 30 JUNE 2012 $'000	GROUP 30 JUNE 2011 $'000
Cash Flows From Operating Activities			
Receipts from customers (inclusive of GST)		99,844	115,453
Payments to suppliers and employees (inclusive of GST)		(47,435)	(37,236)
Interest received		2,098	241
Finance costs		(521)	(916)
Income taxes paid		(2,924)	-
Net Cash From Operating Activities	7 (b)	51,062	77,543
Cash Flows From Investing Activities			
Payments for property, plant & equipment		(9,408)	(12,545)
Payments for equity investments		(6,523)	-
Proceeds from sale of property, plant and equipment		23	19
Payments for development of mining properties		(21,587)	(13,627)
Exploration and evaluation expenditure		(16,508)	(4,494)
Acquisition of mine site		-	(40,085)
Net Cash Used In Investing Activities		(54,004)	(70,732)
Cash Flows From Financing Activities			
Proceeds from issue of shares and conversion of options		48,244	4,708
Payments for share issue costs		(2,250)	(130)
Proceeds from financing facility		7,989	4,090
Repayment of financing facility		(2,652)	-
Proceeds from borrowings		-	15,000
Principal Repayments		-	(15,000)
Net Cash From Financing Activities		51,331	8,668
Net Decrease In Cash And Cash Equivalents Held		48,388	15,479
Cash and Cash Equivalents at 1 July		16,574	1,095
Cash And Cash Equivalents at 30 June	7 (a)	64,962	16,574

The above statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

					GROUP
	NOTES	SHARE CAPITAL $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance at 1 July 2010		13,349	591	(8,855)	5,084
Equity issues net of transaction costs		4,956	-	-	4,956
Share based payments		-	179	-	179
Transfer from option reserve		-	(378)	-	(378)
Total comprehensive income for the period		-	-	16,285	16,285
Balance at 30 June 2011		18,306	392	7,429	26,127
Equity issues net of transaction costs		51,344	-	-	51,344
Equity issues – Treasury Shares		(5,038)	-	-	(5,038)
Share based payments		-	111	-	111
Transfer from option reserve		-	-	-	-
Total comprehensive income for the period		-	-	21,964	21,964
Balance at 30 June 2012		64,613	503	29,393	94,508

The above statement of changes in equity should be read in conjunction with the accompanying notes.

1. ACCOUNTING POLICIES

(i) Basis of Preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board including the Australian Accounting Interpretations. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Australian dollars, which is the parent company's functional and presentation currency, and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. The Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that class order to the nearest thousand dollars.

(ii) Statement of Compliance

The financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

(iii) Adoption of New and Revised Standards

The following standards, amendments to standards and interpretations have been identified as those which may impact the group in the period of initial application. The Group will apply the standards and amendments for the reporting periods beginning on the operative dates set out below. An initial assessment of the financial impact of the standards and amendments has been undertaken and they are not expected to have a material impact on the Group's financial statements or accounting policies.

– *AASB 2010-7 Amendments to AASB 9* outlines that a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value. The amendments, which become mandatory for the group's 30 June 2014 financial statements, are not expected to have a significant impact on the financial statements.
– *AASB 10 Consolidated Financial Statements* and *AASB 12 Disclosure of Interests in Other Entities* change the definition of control and require that it be applied to all entities to determine whether control exists. The new definition focuses on the need for both power and exposure to variability of returns in order for control to be present and the new disclosure standard increases the disclosure requirements for both consolidated and unconsolidated entities. The new standards, which become mandatory for the group's 30 June 2014 financial statements, are not expected to have a material impact on the financial statements.
– *AASB 13 Fair Value Measurement* replaces existing guidance on fair value measurement in several standards with a single, unified definition of fair value and a framework for measuring and disclosing fair values. AASB 13 applies to all assets and liabilities measured at fair value, not just financial instruments. The new standards, which become mandatory for the group's 30 June 2014 financial statements, are not expected to have a material impact on the financial statements.
– *AASB 2011-9 Amendments to Australian Accounting Standards — Presentation of Items of Other Comprehensive Income* amends *AASB 101 Presentation of Financial Statements*. Under the amended standard, the format of other comprehensive income will need to be changed to separate items that might be recycled to net profit from items that will not be recycled. The new standards, which become mandatory for the group's 30 June 2013 financial statements, are not expected to have a material impact on the financial statements.

(iv) Significant Accounting Estimates and Assumptions

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(v). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

Critical accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. The calculations require the use of estimates and assumptions. It is reasonably possible that the gold price assumption may change which may then impact our estimated life of mine determinant and may then require a material adjustment to the carrying value of tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared for future cash flows of the mining assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot gold prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

Provisions for restoration costs

Restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine-sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change.

Commitments - Exploration

The Group has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits. These have been disclosed in Note 21.

Determination of Mineral Resources and Ore Reserves

The Group reports its Mineral Resources and Ore Reserves in accordance with the Joint Ore Reserves Committee (JORC) "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" – the JORC Code. The information on Mineral Resources and Ore Reserves is prepared by Competent Persons as defined by the JORC Code.

There are numerous uncertainties inherent in estimating Mineral Resources and Ore Reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes may impact asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for restoration.

Recoverability of deferred income tax assets

The Group recognises deferred income tax assets in respect of tax losses and temporary differences to the extent that the future utilisation of these losses and temporary differences is considered probable. Assessing the future utilisation of these losses and temporary differences requires the Group to make significant estimates related to expectations of future taxable income.

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact future financial results.

(v) Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements include the financial statements of Northern Star Resources Ltd ("the Company"), and its subsidiary ("the Group" or "Group"). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Where an entity has been acquired during the year, its results are included in consolidated results from the date control commenced.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operation decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

Inventories

Gold in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. The stockpile amount is determined by reference to mining cost, including amortisation at the relevant stage of production.

Consumables and spares are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis to write off the net cost of each item of plant and equipment over its expected useful life. Other items of plant are amortised over life of mine. The life of mine expectation is reviewed periodically.

Exploration and Evaluation Expenditure

Costs related to the acquisition of properties that contain resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined. Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest. Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing. Accumulated costs in relation to an abandoned area are written off to the statement of comprehensive income in the period in which the decision to abandon the area is made. The company reviews the carrying value of each area of interest as at the reporting date and any exploration expenditure which no longer satisfies the above policy is written off. Restoration costs expected to be incurred are provided for as part of exploration, evaluation, development or production phases that give rise to the need for restoration.

Development expenditure

When the technical and commercial feasibility of extracting a mineral resource has been demonstrated the resource enters its development phase. The costs of the assets are transferred from exploration and evaluation expenditure and reclassified into development expenditure and include past exploration and evaluation costs and development costs. Although development expenditure is not amortised, it is tested annually for impairment.

Mine Development expenses

Capitalised development costs are amortised on a unit-of-production basis over the economically recoverable resources of the mine. The unit of account will be ounces produced.

Capitalised development costs include exploration and evaluation expenditure previously deferred relating to that ore body. Separate calculations are undertaken for each ore body.

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party; or
- the Company has transferred its rights to receive cash flows from the asset and either
- has transferred substantially all the risks and rewards of the asset, or
- has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Restoration, rehabilitation, and environmental costs

The Group recognises any legal restoration obligation as a liability at the time a legal liability exists. The carrying amount of the long lived assets to which the legal obligation relates is increased by the restoration obligation costs and amortised over the producing life of the asset. A provision is raised for the restoration and rehabilitation of each mine site. Restoration and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; land rehabilitation; and site restoration. The extent of the work required and the associated costs are dependent on the relevant regulatory requirements and the group's environmental policies.

Investments

Investments in listed entities are categorised as financial assets at fair value through profit or loss. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories. When these financial assets are recognised initially, they are measured at fair value. At each reporting date, gains or losses on these financial assets are recognised in profit or loss.

Trade and other payables

Trade payables and other payables are recognised initially at fair value and subsequently at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

Borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. Long service leave liabilities are measured at current cost for those employees with greater than 5 years' service up to the reporting date. Consideration is given to future wage and salary levels, experience of employee departures and period of service. Employee entitlements expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other entitlements are charged against profits on a net basis. Contributions are made to employee superannuation plans and are charged as expenses when incurred.

Share-based payment transactions

The Group may provide benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options granted is adjusted to reflect market conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions, if any, are included in assumptions about the number of options likely to be exercisable. Upon exercise of the options the proceeds received, net of any transaction costs, are credited to issue capital.

Jointly controlled interest

The proportionate interests in the assets, liabilities and expenses of a joint interest activity have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in Note 26.

Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case, borrowing costs are capitalised as part of the cost of such a qualifying asset.

Tax consolidations

Northern Star Resources Ltd is the head entity in the tax-consolidated group comprising its wholly-owned subsidiary. The effective date of implementation was 9 March 2011 for the tax-consolidated group. Northern Star Resources Ltd accounts for the consolidated group's current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, Northern Star Resources Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Contributed equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

Treasury shares

The Company operates the Northern Star Employee Share Trust (Trust). The main purpose of the Trust is to hold unvested employee incentive shares as part of Northern Star's Employee Share Scheme. Under AASBs, the Trust qualifies as an equity compensation plan special purpose entity and its results are included in those for the Consolidated Entity. Any shares held by the Trust are accounted for as treasury shares and treated as a reduction in the number of publicly held shares of the Company and the Consolidated Entity.

Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share are determined when the Company has on issue potential ordinary shares which are dilutive. It is calculated by dividing net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and any expenses associated with dividends and interest of dilutive potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) adjusted for any bonus element.

2. REVENUE

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
(a) Revenue from operations		
Sale of gold	99,370	114,789
Sale of silver	155	136
	99,525	114,925
(b) Other revenue		
Interest revenue	2,098	244
Other	469	87
	2,567	331
Total Revenue	102,092	115,256

3. EXPENSES

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
(a) Mine operating costs		
Mining Expenses	20,005	23,278
Processing Expenses	14,422	14,087
Admin Expenses	8,114	4,868
	42,542	42,233
(b) Operating Costs		
Acquisition Royalty expense	-	22,085
Government Royalty expense	2,570	2,743
Depreciation	5,584	5,570
Amortisation	11,816	18,853
Administration expenses	5,053	1,888
Administration – Shares based payments	424	179
Exploration expenses	2,060	767
Net loss on financial assets held at fair value through profit or loss	70	-
Finance costs	529	919
	28,106	53,006
Total Expenses	70,647	95,240

4. EARNINGS PER SHARE

	GROUP	
	30 JUNE 2012	30 JUNE 2011
Basic profit/(loss) per share (cents)	6.1	5.9
Diluted profit/(loss) per share (cents)	5.1	4.3
Profit/(loss) used to calculate earnings per share ($'000)	21,964	16,285
Weighted average number of ordinary shares during the period used in calculation of basic profit/(loss) per share	360,654,100	277,583,396
Weighted average number of ordinary shares during the period used in calculation of diluted profit/(loss) per share	430,016,079	375,930,786

5. INCOME TAX

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
(a) Income tax expense		
Current tax	9,549	5,767
Adjustment for current tax of prior periods	(68)	(2,036)
Income tax expense	9,481	3,731
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit (Loss) before income tax	31,444	20,016
Tax at the Australian tax rate of 30%	9,433	6,005
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
Entertainment	0	2
Share-based payments	127	41
Sundry items	(12)	103
Provisions	-	(383)
	9,549	5,767
Previously unrecognised tax losses now recouped to reduce current tax expense	-	(3,555)
Adjustments for current tax of prior periods	(68)	1,518
	9,481	3,731

6. NET DEFERRED TAX ASSET/(LIABILITY)

(a) Deferred tax assets	Tax Losses	Employee Benefits	Other	Total
	$'000	$'000	$'000	$'000
At 1 July 2010	3,554	-	-	3,554
(Charged)/credited to Profit or loss	(3,554)	206	522	(2,826)
As at 30 June 2011	-	206	522	728
(Charged)/credited to Profit or loss	-	102	183	285
As at 30 June 2012	-	308	705	1,013

The balance comprises temporary differences attributable to:

Employee benefits	308
Sundry accruals	705
As at 30 June 2012	1,013

6. NET DEFERRED TAX ASSET/(LIABILITY)

(b) Deferred tax liabilities	Prepayments	Inventories	Total
	$'000	$'000	$'000
At 1 July 2010	(1,518)	-	(1,518)
(Charged)/credited to Profit or loss	327	(275)	52
As at 30 June 2011	(1,191)	(275)	(1,466)
(Charged)/credited to Profit or loss	(6,105)	(96)	(6,201)
As at 30 June 2012	(7,296)	(371)	(7,667)

The balance comprises temporary differences attributable to:	
Prepayments	(7,296)
Inventories	(371)
As at 30 June 2012	(7,667)

(c) Income tax liability	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
Opening Balance	2,992	-
Tax paid	(2,924)	-
Current Tax	9,549	5,767
Adjustments for current tax of prior periods	(68)	(2,036)
Current charges deferred tax assets	(5,915)	(740)
Total income tax liability	3,633	2,992

The Deferred Tax Asset not brought to account for the period will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
(ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
(iii) the Company is able to meet the continuity of ownership and/or continuity of business tests under tax legislation

Northern Star Resources Ltd and its wholly-owned Australian entity have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 1(v).

On adoption of the tax consolidation legislation, the entities in the tax consolidation group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Northern Star Resources Ltd.

The entities have also entered into a tax funding agreement under which the wholly-owned entity will fully compensate Northern Star Resources Ltd for any current tax payable assumed and are to be compensated by Northern Star Resources Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Northern Star Resources Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entity's financial statements.

The amounts receivable/payable under the proposed tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

7. CASH AND CASH EQUIVALENTS

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
(a) Cash and Cash Equivalents		
Cash at bank	18,340	15,508
Cash on Deposit	46,622	1,066
Total Cash and Cash Equivalents	64,962	16,574

The Group's exposure to interest rate risk is discussed in Note 27. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

7. CASH AND CASH EQUIVALENTS (Cont.)

(b) Reconciliation of Net Profit/(Loss) after Tax to Net Cash From Operations

Profit/(Loss) after income tax for the year	21,964	16,285
Non-Cash Items:	-	
Depreciation and amortisation	17,477	24,438
Acquisition Royalty Payments	-	22,085
Net (gain)/loss on sale of non-current assets	(23)	(19)
Net (gain)/loss on sale of Exploration Tenements	553	-
Interest Income	0	(3)
Share-based payments	424	179
Movements in Provisions	428	779
Exploration expenditure written off	-	767
(Increase)/Decrease in Assets:		
Trade and other receivables	(141)	461
Inventories	(4,266)	3,760
Deferred taxes	(285)	(727)
Prepaid expenses	492	(650)
Increase/(Decrease) in Liabilities:		
Trade and other payables	7,597	5,729
Deferred taxes	6,201	1,467
Provisions	642	2,992
Net Cash From Operating Activities	51,062	77,543

8. TRADE AND OTHER RECEIVABLES

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
Amounts receivable from:		
Trade Debtors	122	-
Sundry debtors	-	9
Goods and services tax recoverable	1,338	4,457
Fuel Rebates	354	417
Other receivables	3	57
Total Trade and other receivables	1,817	4,940

Fair Value and Risk Exposure

(a) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
(b) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
(c) Details regarding interest risk exposure are disclosed in note 27.
(d) Other receivables generally have repayments between 30 and 90 days.
(e) Transactions between Northern Star Resources Ltd and its subsidiary consist of intercompany loans, upon which no interest is charged and no repayment schedule exists. The intercompany loans have no set repayment date and the fair value approximates the carrying value of the receivable.

9. INVENTORY

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
Consumables	1,236	917
Ore Stockpiles	2,355	1,197
Gold In Circuit	5,486	2,698
Total Inventory	9,077	4,812

10. OTHER CURRENT ASSETS

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
Prepayments	162	653

11. INVESTMENTS

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
Investment in listed entities – at fair value	6,653	-
2012 Reconciliation of Other Financial Assets		
Shares acquired for cash	6,523	-
Shares and options acquired under tenement sale agreement	200	-
Fair value loss at year end	(70)	-
Investment in listed entities – at fair value	6,653	-

12. PROPERTY, PLANT AND EQUIPMENT

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
Plant and equipment at cost	26,701	14,241
Accumulated depreciation	(8,559)	(4,477)
	18,143	9,764
Motor Vehicles at Cost	1,387	1,001
Accumulated depreciation	(615)	(164)
	772	837
Office equipment at cost	497	194
Accumulated depreciation	(101)	(120)
	396	74
Buildings at cost	1,603	1,207
Accumulated depreciation	(1,031)	(916)
	572	291
	19,883	10,966

12. PROPERTY, PLANT AND EQUIPMENT (Cont.)

	Plant and equipment $'000	Motor Vehicles $'000	Office equipment $'000	Buildings $'000	Total $'000
2012 Reconciliation of property, plant and equipment					
Carrying amount at beginning of the year	9,764	837	73	291	10,966
Additions	13,375	398	407	426	14,606
Disposals	(91)	(4)	(7)	(2)	(104)
Depreciation charge	(4,905)	(459)	(77)	(143)	(5,584)
Carrying amount at end of the year	18,143	772	396	572	19,883
2011 Reconciliation of property, plant and equipment					
Carrying amount at beginning of the year	-	-	6		6
Additions	14,229	953	156	1,207	16,545
Disposals	-	(15)	-	-	(15)
Depreciation charge	(4,466)	(101)	(87)	(916)	(5,570)
Carrying amount at end of the year	9,764	837	74	291	10,966

13. EXPLORATION AND EVALUATION COSTS

	GROUP	
	30 JUNE 2012 $'000	30 JUNE 2011 $'000
Exploration costs brought forward	9,029	4,503
Exploration costs this year	16,508	5,294
Exploration costs now written off	-	(767)
Transfer to development expenditure	(753)	-
Exploration costs carried forward	24,785	9,029

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

Impairment

Exploration and evaluation expenditure written off during the year relates to various tenements. This is due to the low level of current and planned activity to assess the existence of economically recoverable reserves of the tenements.

14. DEVELOPMENT EXPENDITURE

	GROUP	
	30 JUNE 2012 $'000	30 JUNE 2011 $'000
Development expenditure brought forward (acquired)	1,053	4,869
Transfer from exploration and evaluation costs	-	-
Development expenditure this year	35,271	15,038
Accumulated amortisation	(30,670)	(18,853)
Development expenditure carried forward	5,654	1,053

15. TRADE AND OTHER PAYABLES

	GROUP	
	30 JUNE 2012 $'000	30 JUNE 2011 $'000
Trade payables	14,967	10,599
Other payables	(9)	26
Total Trade and other payables	14,958	10,625

Fair Value and Risk Exposures

(i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
(ii) Details regarding liquidity risk are disclosed in note 27.
(iii) Trade and other payables are unsecured and usually paid within 60 days of recognition.

16. FINANCIAL LIABILITIES

	GROUP	
	30 JUNE 2012 $'000	30 JUNE 2011 $'000
(a) Current		
Hire Purchase Agreement	4,708	1,339
Total Financial Liabilities	4,708	1,339
(b) Non-Current		
Hire Purchase Agreement	4,719	2,750
Total Financial Liabilities	4,719	2,750

Risk Exposures

Details of the group's exposure to risks arising from financial liabilities are set out in note 27

The Group has entered into various Hire Purchase Agreements for the Purchase of Plant and Equipment. The interest rate are fixed and are payable over a period of up to 36 months.

17. PROVISIONS

	GROUP	
	30 JUNE 2012 $'000	30 JUNE 2011 $'000
(a) Current		
Provision for annual leave	986	591
Total Provisions	986	591
(b) Non-Current		
Provision for long service leave	151	187
Provision for rehabilitation	2,676	2,676
Total Provisions	2,827	2,863
Reconciliation of provision for rehabilitation:		
Carrying amount at beginning of the year	2,676	-
Increase during the year	-	2,676
Accretion	-	-
Carrying amount at end of the year	2,676	2,676

The provision for rehabilitation represents the legal obligation for rehabilitation over tenement areas acquired and other non-current assets acquired. The timing of the provision is based on licences in existence at the end of the financial year.

18. CONTRIBUTED EQUITY

	GROUP 30 JUNE 2012	GROUP 30 JUNE 2011
(a) Issued Capital		
Ordinary shares fully paid	402,358,752	304,830,925

(b) Movements in Ordinary Share Capital

Number of Shares	Summary of Movements	Company $'000
205,902,802	Opening balance at 1 July 2010	13,349
52,790,000	Placements	2,640
46,138,123	Exercise of Options	2,069
-	Transfer from Option Reserve	378
-	Less: Cost of Issue	(130)
304,830,925	Closing Balance at 30 June 2011	18,306
56,570,720	Placements	50,101
47,457,107	Exercise of Options	3,244
-	Transfer from Option Reserve	249
(6,500,000)	Less: Treasury Shares	(5,038)
-	Less: Cost of Issue	(2,250)
402,358,752	Closing Balance at 30 June 2012	64,613

(c) Unlisted Options

Northern Star had the following unlisted options on issue as at 30 June 2012:

	Number	Issue Price of Shares	Expiry Date
Unlisted Options	833,333	5	Expiring on 4 Sept 2012
Unlisted Options	7,073,995	10	Expiring on 4 Sept 2012
Unlisted Options	12,333,333	10	Expiring on 4 Sept 2013
Employee Options	1,000,000	20	Expiring on 30 July 2013
Employee Options	333,333	20	Expiring on 11 Oct 2013
Employee Options	333,333	25	Expiring on 11 Oct 2014
Employee Options	333,334	15	Expiring on 4 Nov 2012
Employee Options	333,333	20	Expiring on 4 Nov 2013
Employee Options	333,333	25	Expiring on 4 Nov 2014
Employee Options	333,334	35	Expiring on 17 Oct 2012
Employee Options	333,333	50	Expiring on 17 Oct 2013
Employee Options	333,333	65	Expiring on 17 Oct 2014
Employee Options	333,334	120	Expiring on 27 Feb 2014
Employee Options	333,333	150	Expiring on 27 Feb 2015
Employee Options	333,333	181	Expiring on 27 Feb 2016
Employee Options	375,000	80	Expiring on 14 May 2013
Employee Options	375,000	80	Expiring on 30 June 2013
Unlisted Options	2,000,000	91	Expiring on 28 June 2014

During the year, no unlisted options were forfeited, 735,426 unlisted options expired, no unlisted options were cancelled and 47,457,107 options were exercised and 4,750,000 unlisted options were granted during the year.

(d) Terms and Conditions of Issued Capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company

(e) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure.

Total capital is equity as shown in the statement of financial position.

The Group is not subject to any externally imposed capital requirements.

19. SHARE-BASED OPTION RESERVE

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
Balance at the beginning of the year	392	591
Option exercised	(238)	(224)
Option forfeited	(11)	(154)
Option expense	360	179
Balance at the end of the year	503	392

Nature and purpose of the reserve:

The Share-based option reserve is used to recognize the fair value of options issued but not exercised.

20. INTEREST IN SUBSIDIARY

	COUNTRY OF INCORPORATION		
The Group consist of the Company and its wholly-owned controlled entity as follows:			
Northern Star Mining Services Pty Ltd	Australia		
Related party transactions			
Loan to subsidiary		6,000	6,000
Northern Star Mining Services Pty Ltd			-
Movement in loans to subsidiary		6,000	-
Opening balance		-	6,000
Loans advanced		6,000	6,000
Closing balance		6,000	6,000

The Parent company guarantees all commitments and financial obligations of its subsidiary.

21. COMMITMENTS AND CONTINGENT LIABILITIES

	GROUP 30 JUNE 2012 $'000	GROUP 30 JUNE 2011 $'000
(a) Operating Commitments:		
Commitments in relation to hire purchase arrangements under a master agreement with various banks and lending institutions contracted for at the reporting date.		
Within one year	4,680	1,359
Later than one year but not more than five years	5,032	2,491
	9,712	3,850
Future Finance Charges	(709)	(381)
	9,003	3,469
Commitments in relation to term purchase arrangements under a master agreement with Toyota Financial Services contracted for at the reporting date.		
Within one year	242	242
Later than one year but not more than five years	214	454
	456	696
Future Finance Charges	(33)	(76)
	423	620
(b) Capital Commitments:		
Commitments in relation to purchase of Property Plant and Equipment contracted for at the reporting date, but not recognised as liabilities.		
Within one year	4,680	1,359
Later than one year but not more than five years	5,032	2,491
	9,712	3,850

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(c) Tenement Expenditure Commitments:

The Company and the Group are required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2012/2013. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations. Estimated minimum required expenditure on mining, exploration and prospecting leases for 2012/2013.

	30 JUNE 2012 $'000	30 JUNE 2011 $'000
Within one year	1,517	1,486
Later than one year but not more than five years	2,597	2,634
Later than five years	1,866	2,348
	5,980	6,468

(d) Contingencies:

It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the Company has an interest. It is impossible at this stage to quantify the impact (if any) that the existence of native title may have on the operations of the Company. However, at the date of these accounts, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over tenements held by the Company.

22. EMPLOYEE INCENTIVE SCHEME AND OTHER SHARE-BASED PAYMENTS

An employee incentive scheme has been established by Northern Star Resources Ltd to provide eligible employees with a potential ownership interest in the Company for the purpose of:

- providing them with an opportunity to share in the growth in value of the Company,
- encouraging them to improve the longer-term performance of the Company and its returns to shareholders, and
- assisting in the recruitment, reward and retention of employees of the Company and its subsidiary.

These options/shares are granted at the discretion of the Board, who may take into account skills, experience, length of service with the Company, remuneration level and such other criteria as considered appropriate. Options issued pursuant to the Scheme are issued free of charge. The exercise price and expiry date, and the date(s) on which the rights may be exercised, is determined by the Board. The options are not quoted on the ASX and transfers are restricted.

22. EMPLOYEE INCENTIVE SCHEME AND OTHER SHARE-BASED PAYMENTS

(a) Set out below are the summaries of employee shares granted as share based payments.

Grant Date	Balance at start of the year	Granted during the year	Forfeited or Cancelled during the year	Balance at the end of the year
18/01/2012	-	70,720	-	70,720

(b) Set out below are the summaries of options granted as share based payments.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited, Expired or Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year
2012								
29/06/2012	28/06/2014	0.91	-	2,000,000	-	-	2,000,000	2,000,000
15/05/2012	14/05/2013	0.80	-	375,000	-	-	375,000	375,000
15/05/2012	14/05/2014	0.80	-	375,000	-	-	375,000	-
2/03/2012	27/02/2014	1.20	-	333,334	-	-	333,334	-
2/03/2012	27/02/2015	1.50	-	333,333	-	-	333,333	-
2/03/2012	27/02/2016	1.81	-	333,333	-	-	333,333	-
25/08/2011	17/10/2012	0.35	-	333,334	-	-	333,334	333,334
25/08/2011	17/10/2013	0.50	-	333,333	-	-	333,333	-
25/08/2011	17/10/2014	0.65	-	333,333	-	-	333,333	-
28/10/2010	11/10/2012	0.15	333,334	-	(333,334)	-	-	-
28/10/2010	11/10/2013	0.20	333,333	-	-	-	333,333	-
28/10/2010	11/10/2014	0.25	333,333	-	-	-	333,333	-
18/11/2010	4/11/2012	0.15	333,334	-	-	-	333,334	333,334
18/11/2010	4/11/2013	0.20	333,333	-	-	-	333,333	-
18/11/2010	4/11/2014	0.25	333,333	-	-	-	333,333	-
30/07/2010	30/07/2012	0.10	250,000	-	(250,000)	-	-	-
30/07/2010	30/07/2012	0.10	250,000	-	(250,000)	-	-	-
30/07/2010	30/07/2012	0.10	250,000	-	(250,000)	-	-	-
30/07/2010	30/07/2012	0.10	250,000	-	(250,000)	-	-	-
30/07/2010	30/07/2013	0.20	250,000	-	-	-	250,000	-
30/07/2010	30/07/2013	0.20	250,000	-	-	-	250,000	-
30/07/2010	30/07/2013	0.20	250,000	-	-	-	250,000	-
30/07/2010	30/07/2013	0.20	250,000	-	-	-	250,000	-
18/06/2007	18/06/2012	0.20	100,000	-	(100,000)	-	-	-
2/09/2008	2/09/2011	0.20	400,000	-	(200,000)	(200,000)	-	-
2/09/2008	2/09/2011	0.20	150,000	-	(75,000)	(75,000)	-	-
2/09/2008	2/09/2011	0.25	150,000	-	(75,000)	(75,000)	-	-
2/09/2008	2/09/2011	0.20	150,000	-	(75,000)	(75,000)	-	-
2/09/2008	2/09/2011	0.30	150,000	-	(75,000)	(75,000)	-	-
11/09/2009	4/09/2011	0.03	1,210,000	-	(1,210,000)	-	-	-
11/09/2009	4/09/2011	0.03	333,334	-	(333,334)	-	-	-
11/09/2009	4/09/2012	0.05	500,000	-	-	-	500,000	500,000
11/09/2009	4/09/2012	0.05	6,500,000	-	(6,500,000)	-	-	-
11/09/2009	4/09/2012	0.05	5,000,000	-	(5,000,000)	-	-	-
11/09/2009	4/09/2012	0.05	333,333	-	-	-	333,333	333,333
11/09/2009	4/09/2013	0.10	500,000	-	-	-	500,000	-
11/09/2009	4/09/2013	0.10	6,500,000	-	-	-	6,500,000	-
11/09/2009	4/09/2013	0.10	5,000,000	-	-	-	5,000,000	-
11/09/2009	4/09/2013	0.10	333,333	-	-	-	333,333	-
20/10/2009	20/10/2011	0.06	250,000	-	(250,000)	-	-	-
20/10/2009	20/10/2012	0.06	250,000	-	(250,000)	-	-	-
20/10/2009	20/10/2013	0.06	250,000	-	(250,000)	-	-	-
8/12/2009	8/12/2013	0.06	250,000	-	(250,000)	-	-	-

22. EMPLOYEE INCENTIVE SCHEME AND OTHER SHARE-BASED PAYMENTS

Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited, Expired or Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year
2011								
28/10/2010	11/10/2012	0.15	-	333,334	-	-	333,334	-
28/10/2010	11/10/2013	0.20	-	333,333	-	-	333,333	-
28/10/2010	11/10/2014	0.25	-	333,333	-	-	333,333	-
18/11/2010	4/11/2012	0.15	-	333,334	-	-	333,334	-
18/11/2010	4/11/2013	0.20	-	333,333	-	-	333,333	-
18/11/2010	4/11/2014	0.25	-	333,333	-	-	333,333	-
30/07/2010	30/07/2012	0.10	-	250,000	-	-	250,000	-
30/07/2010	30/07/2012	0.10	-	250,000	-	-	250,000	-
30/07/2010	30/07/2012	0.10	-	250,000	-	-	250,000	-
30/07/2010	30/07/2012	0.10	-	250,000	-	-	250,000	-
30/07/2010	30/07/2013	0.20	-	250,000	-	-	250,000	-
30/07/2010	30/07/2013	0.20	-	250,000	-	-	250,000	-
30/07/2010	30/07/2013	0.20	-	250,000	-	-	250,000	-
30/07/2010	30/07/2013	0.20	-	250,000	-	-	250,000	-
18/06/2007	18/06/2012	0.20	100,000	-	-	-	100,000	100,000
2/09/2008	2/09/2011	0.20	400,000	-	-	-	400,000	400,000
2/09/2008	2/09/2011	0.20	150,000	-	-	-	150,000	150,000
2/09/2008	2/09/2011	0.25	150,000	-	-	-	150,000	150,000
2/09/2008	2/09/2011	0.20	150,000	-	-	-	150,000	150,000
2/09/2008	2/09/2011	0.30	150,000	-	-	-	150,000	150,000
1/07/2009	10/10/2010	0.20	1,500,000	-	(1,200,000)	(300,000)	-	-
11/09/2009	4/09/2011	0.03	500,000	-	(500,000)	-	-	-
11/09/2009	4/09/2011	0.03	4,880,000	-	(3,670,000)	-	1,210,000	1,210,000
11/09/2009	4/09/2011	0.03	5,000,000	-	(5,000,000)	-	-	-
11/09/2009	4/09/2011	0.03	333,334	-	-	-	333,334	333,334
11/09/2009	4/09/2012	0.05	500,000	-	-	-	500,000	500,000
11/09/2009	4/09/2012	0.05	6,500,000	-	-	-	6,500,000	6,500,000
11/09/2009	4/09/2012	0.05	5,000,000	-	-	-	5,000,000	5,000,000
11/09/2009	4/09/2012	0.05	333,334	-	-	-	333,334	333,334
11/09/2009	4/09/2013	0.10	500,000	-	-	-	500,000	-
11/09/2009	4/09/2013	0.10	6,500,000	-	-	-	6,500,000	-
11/09/2009	4/09/2013	0.10	5,000,000	-	-	-	5,000,000	-
11/09/2009	4/09/2013	0.10	333,334	-	-	-	333,334	-
20/10/2009	20/10/2011	0.06	250,000	-	-	-	250,000	250,000
20/10/2009	20/10/2012	0.06	250,000	-	-	-	250,000	250,000
20/10/2009	20/10/2013	0.06	250,000	-	-	-	250,000	-
8/12/2009	8/12/2011	0.06	250,000	-	(250,000)	-	-	-
8/12/2009	8/12/2012	0.06	250,000	-	(250,000)	-	-	-
8/12/2009	8/12/2013	0.06	250,000	-	-	-	250,000	-

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	GROUP	
	30 JUNE 2012 $'000	30 JUNE 2011 $'000
Short-term employee benefits - cash fees and bonus	1,161	601
Post-employment benefits - superannuation	54	13
Equity based payments	52	86

(b) Equity Instruments Disclosures Relating to Key Management Personnel

(i) Share Holdings

The number of ordinary shares in the Company held during the financial year by each Director of Northern Star Resources Ltd and any other key management personnel of the Group, including their personally related parties, are as follows

2012 Name	Balance at beginning of the year	Net change during the year	Balance at end of the year
Directors			
Christopher Rowe	6,445,833	(1,035,653)	5,410,180
Bill Beament	9,500,000	5,170,000	14,670,000
Peter Farris	1,049,998	(50,000)	999,998
Michael Fotios	67,771,054	(18,231,680)	49,539,374
Peter O'Connor	100,000	-	100,000
Key Management Personnel			
Ray Parry	45,000	333,334	378,334
Karen Brown	1,191,666	-	1,191,666

2011 Name	Balance at beginning of the year	Net change during the year	Balance at end of the year
Directors			
Christopher Rowe	4,581,152	1,864,681	6,445,833
Bill Beament	4,130,000	5,370,000	9,500,000
Peter Farris	1,863,332	(813,334)	1,049,998
Michael Fotios	48,976,394	18,794,660	67,771,054
Key Management Personnel			
Karen Brown	721,000	470,666	1,191,666

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

(ii) Option Holdings

The number of options over ordinary shares in the Company held during the financial year by each Director of Northern Star Resources Ltd and any other key management personnel of the Group, including their personally related parties, are as follows:

2012 Name	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited, Expired or Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
Christopher Rowe	2,729,362	-	(864,681)	-	1,864,681	1,864,681
Bill Beament	15,370,000	2,000,000	(8,870,000)	-	8,500,000	8,500,000
Peter Farris	250,000	-	(250,000)	-	-	-
Michael Fotios	31,869,320	-	(26,869,320)	-	5,000,000	5,000,000
Peter O'Connor	-	-	-	-	-	-
Key Management Personnel						
Ray Parry	1,000,000	-	(333,334)	-	666,666	-
Karen Brown	735,332	-	-	-	735,332	735,332

2011 Name	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited, Expired or Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
Christopher Rowe	4,094,043	-	(1,364,681)	-	2,729,362	2,229,362
Bill Beament	21,040,000	-	(3,670,000)	(2,000,000)	15,370,000	8,870,000
Peter Farris	836,666	-	(586,666)	-	250,000	-
Michael Fotios	47,803,980	-	(15,934,660)	-	31,869,320	26,869,320
Key Management Personnel						
Karen Brown	735,332	-	-	-	735,332	401,999

(c) Other Related Party Transactions with Key Management Personnel

Michael Fotios, a related party, is a shareholder and director of Delta Resources Management Pty Ltd. During the year an amount of $233,307 was paid to Delta Resources for professional services at normal commercial rates. Michael Fotios is also a shareholder and director of Investmet Limited. During the year and amount of $66,000 was paid to this business for corporate advice at normal commercial rates.

24. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	GROUP 30 JUNE 2012 $'000	GROUP 30 JUNE 2011 $'000
Rothsay Chartered Accountants - Auditors for the Group	61	63

25. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The group does not have any operating segments with discrete financial information. All the group's assets and liabilities are located within Australia. The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

26. JOINT VENTURES

The Group has the following interest in unincorporated joint ventures:

JOINT VENTURE	PRINCIPAL ACTIVITIES	GROUP 30 JUNE 2012	GROUP 30 JUNE 2011
Cullen Exploration Pty Ltd - Hardey Junction Joint Venture	Exploration	80%	80%
Artemis Resources Ltd - Mt Clement Joint Venture	Exploration	20%	20%
U3O8 Ltd - Tunganary Joint Venture	Exploration	10%	10%

The joint ventures are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint ventures are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint venture assets. The joint ventures do not hold any assets and accordingly the Company's share of exploration evaluation and development expenditure is accounted for in accordance with the policy set out in note 1.

27. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash, short-term deposits and borrowings. The main purpose of these financial instruments is to provide working capital for the Group's operations and mine development. The Group has various other financial instruments such as listed investments, trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, commodity price risk and credit risk. The Board reviews and agrees on policies for managing each of these risks.

The Group holds the following financial instruments:

	GROUP 30 JUNE 2012 $'000	GROUP 30 JUNE 2011 $'000
Financial assets		
Cash and cash equivalents	64,962	16,574
Trade and other receivables	1,817	4,940
Other financial assets – investments	6,653	-
Financial liabilities		
Trade payables	14,967	10,599
Financial Liabilities	9,426	4,090

27. FINANCIAL RISK MANAGEMENT (Cont.)

(a) Interest rate risk

At balance date the Group's exposure to market risk for changes in interest rates relates primarily to the Company's short-term cash deposits and borrowings. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

The Group had the following financial instruments exposed to interest rates:

	GROUP	
	30 JUNE 2012 $'000	30 JUNE 2011 $'000
Financial assets		
Cash and cash equivalents	64,962	16,574
Financial liabilities		
Finance Leases	(9,426)	(4,090)
Net exposure	55,536	12,484

Sensitivity

At 30 June 2012, if interest rates had increased/decreased by 1.25% from the year end variable rates with all other variables held constant, post tax profit and equity for the Group and Parent would have been $694,000 higher/lower (2011: $125,000 higher/$125,000 lower).

The 1.25% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical RBA movements over the last year.

(b) Liquidity risk

The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained. A maturity analysis of financial liabilities is disclosed in the table below.

	GROUP	
	30 JUNE 2012 $'000	30 JUNE 2011 $'000
Maturity analysis of financial liabilities:		
Non-Interest Bearing		
Trade payables	14,967	10,599
	14,967	10,599
Floating Rate		
Financial Liabilities	9,426	4,090

(c) Foreign Currency Risk

As a result of exposure to the gold commodity market, the Company has exposure to the USD. The Company manages this exposure by selling gold in AUD.

(d) Commodity Price Risk

The Group does not hold financial instruments which are exposed to commodity price risk (2011: Nil)

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. Cash is deposited only with institutions with a minimum credit rating of AA (or equivalent) as determined by a reputable credit rating agency e.g. Standard & Poor. The Group does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

27. FINANCIAL RISK MANAGEMENT (Cont.)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	GROUP	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
Cash and cash equivalents		
AA	64,962	16,574

The Group measures credit risk on a fair value basis. The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Group's maximum exposure to credit risk. All receivables noted above are due within 30 days. None of the above receivables are past due.

28. PARENT ENTITY INFORMATION

(a) Information relating to Northern Star Resources Ltd:

	COMPANY	
	30 JUNE 2012	30 JUNE 2011
	$'000	$'000
Results of the parent entity		
Profit/(Loss) for the period	22,773	21,348
Other comprehensive income for the year	-	-
Total comprehensive income for the year	22,773	21,348
Financial position of the parent entity at year end		
Current assets	75,812	24,742
Non-current assets	54,076	20,472
Total assets	129,888	45,213
Current liabilities	21,883	12,564
Noncurrent liabilities	10,495	4,330
Total liabilities	32,378	16,894
Net assets	97,510	28,319
Contributed equity	69,650	18,306
Reserves	(4,535)	392
Retained earnings	32,395	9,622
Total equity	97,510	28,319

(b) Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiary

Refer to Note 21

(c) Details of any contingent liabilities of the parent entity

Refer to Note 21

(d) Details of any contractual commitments by the parent entity for the acquisition of plant, and equipment

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment as at reporting date.

(e) Tax Consolidation

The Company and its 100% owned controlled entity have formed a tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entities. The head entity of the consolidated group is Northern Star Resources Ltd.

29. EVENTS SUBSEQUENT TO YEAR END

There are no other matters or circumstances other than the future development of the production site that have arisen since 30 June 2012 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years except for the following:

1) Northern Star acquired a further 37 million shares in Venturex Resources Limited (ASX:VXR) at 3.6 cents.

DIRECTORS' DECLARATION

In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

1. (a) the financial statements, notes and audited remuneration disclosures included in the directors' report of the Company and the Group are in accordance with the Corporations Act 2001, including:

    i. giving a true and fair view of the Company's and Group's financial position at 30 June 2012 and of their performance for the year ended on that date; and

    ii. complying with Accounting Standards and Corporations Regulations 2001; and

    (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

    (c) the remuneration disclosures set out in the Directors' Report (as part of the audited Remuneration Report) for the year ended 30 June 2012 comply with section 300A of the Corporations Act 2001.

2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS).

3. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2012.

On behalf of the Board

Bill Beament

Bill Beament
Managing Director
Perth, Western Australia
31st July 2012

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NORTHERN STAR RESOURCES LIMITED

Report on the financial report

We have audited the accompanying financial report of Northern Star Resources Limited (the Company") which comprises the balance sheet as at 30 June 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

In our opinion the financial report of Northern Star Resources Limited is in accordance with the *Corporations Act 2001*, including:

a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Northern Star Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rothsay

Graham R Swan
Partner

Dated 31 JULY 2012.