

Record net profit of A\$194M

Final dividend up 11% to 5¢; EBITDA from ongoing Jundee and Kalgoorlie operations up 15% to A\$486M

KEY POINTS

- ▶ Net profit after tax of A\$194.1M – a record result when proceeds from asset sales in FY2017 are excluded
- ▶ FY2018 result is after investing A\$110M to increase total annual production rate to 600,000ozpa from the Jundee and Kalgoorlie operations and after booking A\$28M in non-cash items relating to exploration impairment, share-based awards to 750 employees and A\$5M in acquisition-related costs
- ▶ Combined EBITDA from Jundee and Kalgoorlie up 15% to A\$486M on the back of the ramp-up to 600,000ozpa, which was achieved in June quarter, 2018
- ▶ Combined EBITDA margin at Jundee and Kalgoorlie of over 50%
- ▶ Successful ramp-up positions Jundee and Kalgoorlie for further growth in annual production and free cashflow in FY2019
- ▶ Revenue of A\$964M from sale of 570,110oz at an average price of A\$1,704/oz; All-in sustaining costs (AISC) were A\$1,029/oz (US\$761/oz*)
- ▶ Mine operating cash flow up by 6% to a record A\$463.7M;
- ▶ Earnings per share up 2% from FY2017 to 32.1¢
- ▶ Final dividend increased by 11% to 5¢ per share fully-franked from 4.5¢ previously, taking full-year payout to 9.5¢ per share
- ▶ Industry-leading financial returns sustained: FY2018 return on equity of 27% and return on invested capital of 25%
- ▶ A\$512M in cash and equivalents at 30 June, up from A\$447M a year ago, after paying A\$63M in dividends, investing A\$110M in production growth, spending \$21.5M on acquisitions and carrying A\$14M of mining costs at South Kalgoorlie Operations but generating no revenue; NST has no debt
- ▶ Total Resources increased by 5.7Moz to 15.9Moz; Importantly, Measured and Indicated Resources increased 55% to 9.8Moz, paving the way for a substantial increase in Reserves next year
- ▶ Reserves increased by 0.5Moz to 4.0Moz (after mining depletion of 0.6Moz)
- ▶ Northern Star will be hosting the full-year results call today at 9:00am AWST (11:00am AEST). The call can be accessed at <http://webcasting.boardroom.media/broadcast/5b75103db14eaa0d35080884>

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Australian Securities
Exchange Code: NST

Board of Directors

Mr Bill Beament
Executive Chairman

Mr John Fitzgerald
Non-Executive Director

Mr Chris Rowe
Non-Executive Director

Mr Peter O'Connor
Non-Executive Director

Ms Shirley In'tVeld
Non-Executive Director

Issued Capital

Shares 613.3 million
Performance Rights 10.4 million

Current Share Price A\$7.00

Market Capitalisation
A\$4.3 billion

Cash, Bullion & Investments
30 June 2018 - A\$512 million

Projects

Jundee Operations
Kalgoorlie Operations
Pulsens Mine
Central Tanami (25% of JV)
Western Tanami

Listed Investments

ASX: VXR, DAU, RND, TBR, ALY, EAR
TSX-V: SGI

Northern Star Resources (ASX: NST) has capped a year of exceptional growth with a record A\$194.1 million net profit after tax, an 11 per cent rise in the final dividend and A\$512 million in cash and investments, up from A\$447 million a year earlier, after spending A\$209 million on dividends and production growth initiatives.

An important highlight of the result was the 15 per cent increase in EBITDA recorded at the Company's Tier-1 Jundee and Kalgoorlie operations. EBITDA at these two concentrated centres of production was A\$486 million.

This outstanding result stemmed from their strong production growth and low-cost bases that delivered an exceptional EBITDA margin of over 50 per cent.

The production ramp at Jundee and Kalgoorlie saw Northern Star hit its targeted production rate of 600,000ozpa in the June quarter of this year, six months ahead of schedule.

As a result, Northern Star is forecasting further production growth this financial year, with FY2019 guidance of 600,000-640,000oz.

The Tier-1 Jundee and Kalgoorlie operations are Northern Star's two production centres following the sale of Plutonic in the 2016-17 financial year and the suspension of production at Paulsens in December 2017.

The focus on these two assets reflects Northern Star's strategy of owning and investing in Tier 1 assets with ~300,000ozpa production profiles in Tier-1 jurisdictions.

Globally, there are only 17 mines producing over 300,000ozpa in Tier 1 mining jurisdictions (Australia, Canada and the US). Jundee and Kalgoorlie will soon join that list.

The inclusions of the proceeds of the Plutonic sale and a full year's production from Paulsens in the previous year's results distort some of the year-on-year comparisons.

The net profit after tax of A\$194.1 million was a record after excluding the proceeds of the Plutonic sale in the comparative FY2017 results.

The FY2018 profit came despite investing A\$110 million in production growth and booking A\$28 million in non-cash items, including A\$12 million for impairment of exploration tenements, A\$11 million in share-based awards which were distributed to 750 employees in recognition of salary freezes for the prior four years and A\$5 million of costs associated with acquisitions.

Gold sales from continuing operations totalled 571,110oz in FY2018, up from 506,894oz the previous year, at an AISC of A\$1,029/oz compared with A\$1,013/oz in FY2017.

Earnings per share increased 2% to 32.1¢. The final dividend is up 11% to 5¢ per share. This takes the year's payout to 9.5¢, up from 9¢ in FY2017. All dividends are fully-franked.

The payout is in line with Northern Star's intention to declare fully franked dividends equal to 6 per cent of revenue.

In August 2017, Northern Star announced that Resources had grown to 10.2Moz and Reserves had tripled to 3.5Moz. In August this year, the Company announced that Resources had increased further to 15.9Moz, including 9.8Moz in the Measured and Indicated Category. Reserves had also grown and now stand at 4Moz, despite 0.6Moz of mining depletion.

Northern Star Executive Chairman Bill Beament said it had been a stellar year marked by significant growth on all key levels and most importantly on a per share basis.

"This was a year of huge transformation for Northern Star as we moved our focus to two concentrated centres of production and established mine life visibility of more than 10 years in both cases," Mr Beament said.

"We hit our target of producing from these two centres at the rate of 600,000oz a year, in the process returning them to their status as world-class Tier-1 projects in Tier-1 jurisdictions.

"The success of this strategy is demonstrated not only by the inventory and production growth at these centres, but also by the 15 per cent increase in their EBITDA to A\$486 million and their exceptional EBITDA margin of over 50 per cent.

"This culminated in our overall return on equity for the year reaching an industry-leading 27 per cent and a return on invested capital of 25 per cent.

"Given that our end objective at Northern Star is to maximise financial returns, we consider our strategy to have delivered in spades in FY2018."

Mr Beament said Northern Star's success in generating superior returns for Shareholders was also highlighted by the fact that underlying free cashflow per share for the year was an outstanding 30¢.

He also noted that Northern Star had consistently paid out fully franked dividends to Shareholders for the past six years.

"We have been one of the few resources companies globally which has not only paid regular dividends to Shareholders, but also increased these payouts from consistent growth in underlying earnings throughout the cycle," Mr Beament said.

The Company has grown the total annual dividend to Shareholders by 280% since commencing payments in 2012.

Northern Star shares will trade excluding entitlement to the dividend on 6 September 2018, with the record date being 7 September 2018 and payment date of 28 September 2018.

Yours faithfully



BILL BEAMENT
Executive Chairman
Northern Star Resources Limited

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Forward Looking Statements

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**All currency conversions have been converted at a currency of AUD/USD conversion rate of A\$0.74.*