



ASX Announcement
 17 December 2019

Not for release to US wire services or distribution in the United States

NORTHERN STAR TO ACQUIRE 50% OF KCGM SUPER PIT AND ASSOCIATED ASSETS

Acquisition will be earnings accretive from first full financial year (FY2021) while delivering Northern Star half of one of the most significant gold systems in the world; Deal will be funded via A\$480M in debt, A\$765M institutional placement and a share purchase plan targeting up to A\$50M

HIGHLIGHTS

- Northern Star Resources has entered into a binding sale agreement with Newmont Goldcorp Australia, a subsidiary of Newmont Goldcorp Corporation, to acquire all the shares in Kalgoorlie Lake View Pty Ltd (KLV), which holds a 50% interest in Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM) and in the operations and assets managed by KCGM (KCGM Operations), for US\$775 million and associated assets for US\$25 million, for a total consideration of US\$800 million
- The associated assets for US\$25 million comprise: a separate parcel of nearby Kalgoorlie tenements 100 per cent-owned by Newmont, a transitional services arrangement and a US\$25 million conditionally refundable option arrangement to acquire the Newmont power business which supplies power to KCGM
- KCGM is a 50:50 JV between Newmont and Saracen Mineral Holdings and includes the Super Pit in Kalgoorlie, Western Australia, among other deposits
- The Transaction delivers Northern Star a half-share of one of the most significant gold systems in the world with an endowment of ~80Moz and a spectacular gold content of ~45,000 to 60,000oz per vertical metre
- Saracen is an extremely favourable JV partner for Northern Star considering its demonstrated track record in expeditiously unlocking value from assets it has acquired, complementary skill sets and their familiarity with the Western Australian Goldfields
- The acquisition will be immediately accretive to Northern Star on an EV/Reserves, EV/Resource, P/NAV basis and earnings per share in its first full financial year of ownership (FY2021)
- KCGM for the past two calendar years has produced on average ~590,000oz per annum at an AISC of US\$913/oz
- KCGM has non-JORC Reserves of 7.3Moz and Resources of 11.7Moz¹ (100% basis); Current mine life is 13 years². The acquisition price equates to less than US\$140 per Resource ounce

¹ Inclusive of Reserves

² Reserve life equal to KCGM Reserves at 31 December 2018 divided by gold production guidance in the 12 months ending 31 December 2019

- Significant short, medium and long term growth potential exists through optimising mining schedules, underground production, expanding Resource inventory and exploration
- Northern Star expects its share of KCGM to add 120,000-140,000oz to its FY2020 gold production at an AISC of A\$1,450/oz to A\$1,550/oz, increasing Northern Star's FY2020 guidance to 920,000oz to 1,040,000oz at an AISC of A\$1,240/oz to A\$1,340/oz
- The acquisition of KCGM will further elevate Northern Star's global significance as a +1Mozpa gold producer with four Tier-1 assets in Tier-1 locations
- The Transaction is expected to complete by early January 2020 subject only to approval from the Western Australia Minister of Lands, with economic benefit transferring to Northern Star from 1 January 2020
- Northern Star's proven value creation and integration team will be dedicated to KCGM; This will not detract from the positive transition plan well underway at Northern Star's Pogo operation
- Post announcement of the Transaction Northern Star intends to engage with Saracen to explore the optimal operatorship model, with a view to capitalising on each partner's respective and complementary strengths
- Outstanding joint venture partner in Saracen Minerals (ASX-SAR) which has already made immediate contributions to the operatorship of KCGM, re-forming senior management committees and providing senior site operational personnel to fill vacant roles
- Newmont is currently the manager of day to day operational activities through the KCGM Management Services Agreement; as part of the Transaction Northern Star will receive the benefit of transitional services and key personnel from Newmont for six months to ensure a smooth transition of the asset into Northern Star's portfolio
- As part of the transaction, Northern Star has been granted an option by Newmont to acquire, subject to further due diligence, Newmont's power business in Western Australia for fair market value, which includes payment of a US\$25M conditionally refundable³ option fee at completion of the KCGM acquisition
- Northern Star will offer Shareholders the opportunity to participate in a Share Purchase Plan at the same price as the issue price under the Placement
- Certain Northern Star Directors propose to participate in the Transaction equity raising (again, at the same issue price), subject to shareholder approval
- Northern Star will host a conference call today at 8:00am Perth time (11:00am Sydney time). The call can be accessed at <https://webcasting.boardroom.media/broadcast/5df1ce8445e7a4432ef84bfd>

Existing Operations Update

- Existing Australian operations are performing well within guidance, producing 158,707oz at an AISC of A\$1,250/oz in the September quarter, 2019
- Australian operations are forecast to produce 165,000oz to 175,000oz in the December quarter, 2019
- As per previous announcements, Pogo's 18-month transition plan is on track with the December quarter a significant inflection point, gold production is forecasted to be 45koz-50koz; a minimum 50% improvement on the prior September quarter

³ If Northern Star exercises its option and acquires the Newmont power business, the full amount of the US\$25 million option fee paid by Northern Star will be set off against the purchase price agreed between Newmont and Northern Star. Please refer to the summary of the terms of the Share Sale Deed in Annexure A to this announcement for further details about this option arrangement and refund conditions.

- The month of December is on track to produce 20koz-25koz; reconciled figures month to date (to 14 Dec) include 35.6kt at 11.3gpt and 88.4% recovery for 11.4koz

Table 1: Northern Star FY2020 Attributable Production and AISC Guidance

	Production		AISC	
	Low (oz)	High (oz)	Low (A\$/oz)	High (A\$/oz)
Jundee	260,000	280,000	1,115	1,195
Kalgoorlie Operations	340,000	380,000	1,260	1,370
Pogo	200,000	240,000	1,210	1,320
NST subtotal	800,000	900,000	1,200	1,300
KCGM (1H CY20)	120,000	140,000	1,450	1,550
NST + KCGM	920,000	1,040,000	1,240	1,340

Northern Star Resources (ASX: NST) is pleased to announce that it has agreed with Newmont Goldcorp Corporation's Australian subsidiary to acquire 50 per cent of the Kalgoorlie Super Pit gold mine for US\$775 million and additional associated assets for US\$25 million, taking the total consideration to US\$800 million (~A\$1.168B)⁴.

The acquisition will generate a host of substantial benefits for Northern Star Shareholders, including:

- The acquisition will be immediately accretive on an EV/Reserve, EV/Resource, P/NAV basis and earnings per share from the first full financial year of ownership (FY2021)
- The deal will deliver Northern Star a half-share of one of the most significant gold systems in the world, with a ~80Moz endowment and world-class gold content of 45,000oz to 60,000oz per vertical metre
- Outstanding joint venture partner in Saracen Mineral Holdings (ASX: SAR); this combined skill set will assist in unlocking the full value of the asset
- Significant potential for growth through optimising mining schedules, underground production, expanding Resource inventory and exploration
- Northern Star's total Resources will increase to 28.3Moz, including 9.8Moz in Reserves, with four Tier-1 assets in Tier-1 locations

The acquisition also includes a separate parcel of nearby tenements 100 per cent owned by Newmont and a transition services arrangement to ensure a smooth transfer of the asset into Northern Star's portfolio.

Also, part of the transaction Northern Star has been granted an option to acquire Newmont's 100 per cent-owned power assets, which supply power to KCGM. Under the terms of the option arrangement, Northern Star has an exclusivity period to conduct due diligence and finalise a transaction with Newmont. The US\$25 million option fee will be credited against any price agreed or, if Northern Star elects not to proceed, will be refunded when Newmont sells Newmont Power to a third party⁵.

Northern Star Executive Chairman Bill Beament said the acquisition would create substantial value and provide enormous short, medium and long term opportunities.

"The purchase of a 50 per cent stake in the Kalgoorlie Super Pit meets our key strategic objectives of generating strong financial returns and growing our gold inventory from Tier-1 mines in Tier-1 locations," Mr Beament said.

⁴ Purchase price of A\$1,168 million calculated using an AUD:USD exchange rate of 0.685.

⁵ See the summary of the terms of the Share Sale Deed in Annexure A to this announcement for further details about this option arrangement.

“This is one of the world’s greatest gold systems, as shown by its 80Moz endowment and the fact that it contains up to 60,000oz per vertical metre. To put this in context, our Jundee mine, which is itself a Tier-1 asset, contains around 13,000oz per vertical metre.

“As well as being accretive across all key metrics, including earnings per share, this acquisition comes with huge upside due to the combination of the world-class nature of the gold system and the respective skill sets of Northern Star and Saracen.

“Both companies have established outstanding track records of unlocking value from acquisitions and I am delighted that we will be able to pool our skills and experience to create substantial value for our Shareholders and the local community through both mine development and exploration.”

KCGM Overview

KCGM is located in Kalgoorlie, Western Australia and is part of the globally significant “Golden Mile”, which has a total endowment of ~80Moz as CY2019. KCGM is a Top-5 Australian gold asset by production, for the past two calendar years it has produced on average ~590,000oz per annum at an AISC of US\$913/oz.

Northern Star’s forecast production in FY2020 is 120,000 to 140,000oz at an AISC of A\$1,450/oz to A\$1,550/oz. It is an iconic, established mine with well-maintained facilities and infrastructure.

KCGM Operations include the Fimiston Open Pit (the “Super Pit”), the Mt Charlotte Underground Mine and the Fimiston and Gidji Processing Plants. As at 31 December 2018 and on a 100% basis, KCGM had proven reserves (non-JORC) of 7.3Moz at 1.2gpt and resources of 11.7Moz⁶ at 1.3gpt, as well as significant upside, primarily through ongoing underground development, providing a foundation for long-life gold production.

Acquisition Funding

The US\$800 million (approximately A\$1,168 million³) cash consideration will be funded through a combination of;

- New secured debt facilities of A\$480 million with Northern Star’s existing lending group; and
- a fully underwritten institutional placement of approximately A\$765 million (“Placement”), and
- existing cash reserves of A\$5 million.

In addition to the Placement, Northern Star will offer all eligible existing Shareholders on Northern Star’s share register at 4.00pm (Perth time) on Monday, 16 December 2019 with registered addresses in Australia or New Zealand the opportunity to participate in a non-underwritten Share Purchase Plan (“SPP”), under which Northern Star targets raising up to A\$50 million.

Northern Star is also proposing to issue up to A\$5 million of new shares to certain Northern Star Directors. Directors will subscribe for new shares at the same price as the Placement price, subject to shareholder approval in general meeting on 22 January 2020.

Placement Details

As noted above, the acquisition will be partly funded via a fully underwritten placement of new fully paid ordinary Northern Star shares (“New Shares”) to certain eligible institutional investors to raise approximately A\$765 million at an issue price of A\$9.00 per share.

The issue price represents a 6.7% discount to the closing price of Northern Star shares of A\$9.65 and a 10% discount to the 5 day VWAP of Northern Star shares of A\$10.00 on Friday, 13 December 2019, being the last day of trading in Northern Star shares prior to announcement of the Placement.

⁶ Inclusive of Reserves

ASX Announcement 17 December 2019

The Placement is within Northern Star's existing capacity under ASX Listing Rule 7.1 and accordingly no shareholder approval is required in connection with the Placement (or the SPP that follows). It is expected that Northern Star's trading halt will be lifted upon announcement of the completion of the Placement, which is expected to occur on Wednesday, 18 December 2019. Settlement of the Placement is expected to occur on Friday, 20 December 2019, with the New Shares to be issued and commence trading on ASX on Monday, 23 December 2019. The New Shares will rank equally with Northern Star's existing shares with effect from their issue.

Important information regarding the Placement, including the offer restrictions applicable to the Placement, are outlined in the accompanying investor presentation.

Share Purchase Plan Details

Northern Star will offer all eligible existing Shareholders (including retail Shareholders) on Northern Star's share register at 4.00pm (Perth time) on Monday, 16 December 2019 with registered addresses in Australia or New Zealand the opportunity to apply for new Northern Star shares through the SPP without brokerage fees.

Northern Star intends to target raising up to A\$50 million via the SPP.

The application for new shares under the SPP will be capped at the statutory maximum allowed of A\$30,000 per eligible Shareholder, across all their holdings. The SPP offer period will open on Tuesday, 24 December 2019 and close at 2:00pm (Perth time) on Friday, 24 January 2020, subject to Northern Star's discretion to amend these dates. Shares issued under the SPP will rank equally with Northern Star's existing shares with effect from their issue.

The offer price per new share under the SPP will be the same as the Placement price, being A\$9.00 per new share.

The terms and conditions of the SPP will be set out in an SPP Offer Booklet and despatched to eligible Northern Star Shareholders by their preferred method of contact as well as a separate announcement to ASX in due course. Participation in the SPP is optional and Northern Star reserves the right to scale back any applications under the SPP.

Timetable and Next Steps:

Completion of the acquisition is subject only to approval of the Western Australia Minister of Lands, with the acquisition expected to close by early January 2020. For a summary of the key terms of the acquisition, please see page 13.

Trading halt and Record date (for identifying Shareholders entitled to participate in the SPP)	Monday, 16 December 2019
Announcement of Transaction, Institutional Placement and SPP	Tuesday, 17 December 2019
Completion of Institutional Placement, trading halt lifted	Wednesday, 18 December 2019
Settlement of Institutional Placement	Friday, 20 December 2019
Institutional Placement shares commence trading	Monday, 23 December 2019
SPP offer opens	Tuesday, 24 December 2019
SPP offer closes	Friday, 24 January 2020
Completion of SPP Offer	Thursday, 30 January 2020
SPP shares commence trading	Tuesday, 4 February 2020

Advisers

Macquarie Capital (Australia) Limited ("Macquarie") is acting as financial adviser to the acquisition and as global coordinator to the Placement. Macquarie and Canaccord Genuity (Australia) Limited are acting as joint lead



Northern Star Resources Limited - ABN: 43 092 832 892

Level 1, 388 Hay Street
Subiaco WA 6008, Australia

PO Box 2008
Subiaco WA 6904

T: +61 8 6188 2100
F: +61 8 6188 2111

E: info@nsrltd.com
W: www.nsrltd.com

ASX Announcement
17 December 2019

manager, joint bookrunner and joint underwriter to the Placement. Ashurst are Northern Star's Australian legal advisers in respect of the acquisition, Placement and the SPP.

Important Information:

Please ensure that you read the important information below regarding Northern Star, KCGM and the acquisition.

Yours faithfully



BILL BEAMENT
Executive Chairman
Northern Star Resources Limited

Investor Relations Enquiries:

Luke Gleeson
Northern Star Resources Limited
T: +61 8 6188 2103
E: lgleeson@nsrltd.com

Media Enquiries:

Paul Armstrong
Read Corporate
T: +61 8 9388 1474
E: paul@readcorporate.com.au

Disclaimer

Northern Star Resources Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Northern Star Resources Limited, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it.

This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Please see the Important Information section that follows.

*All currency conversions have been converted at a currency of AUD/USD conversion rate of A\$0.685.



Northern Star Resources Limited - ABN: 43 092 832 892

Level 1, 388 Hay Street
Subiaco WA 6008, Australia

PO Box 2008
Subiaco WA 6904

T: +61 8 6188 2100
F: +61 8 6188 2111

E: info@nsrltd.com
W: www.nsrltd.com

IMPORTANT INFORMATION

KCGM – Foreign Estimates Disclosures

The information in this announcement relating to the mineral resources and mineral reserves estimates for the KCGM Operations has been sourced from Newmont and is reported in accordance with the requirements applying to foreign estimates in the ASX Listing Rules. The mineral resources and mineral reserves estimates are not reported in accordance with the 2012 edition of the Joint Ore Reserves Committee's Australasian Code for Reporting of Mineral Resources and Ore Reserves ("JORC Code").

KCGM NI 43-101 MINERAL RESOURCES ^{1,2,3}													
As at 31 December 2018													
EXCLUSIVE OF RESERVE													
		MEASURED			INDICATED			INFERRED			TOTAL RESOURCES		
		Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)
KCGM GOLD PROJECT (50%)													
	Surface	5,312	1.42	242	23,077	1.44	1,070	8,505	2.20	600	36,894	1.61	1,912
	Underground	31	2.32	2	2,378	2.16	165	897	3.60	104	3,306	2.55	271
	Sub-Total KCGM (50%)	5,343	1.42	244	25,454	1.51	1,235	9,402	2.33	704	40,199	1.69	2,183

- The NI 43-101 mineral resources are shown on a 50% basis
- The resources have been prepared in accordance with Canadian National Instrument 43-101 (NI 43-101)
- Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definitions were followed for mineral resources
- The mineral resources are reported exclusive of mineral reserves
- The NI 43-101 mineral resource cut-off grade was calculated using an average long-term gold price of US\$1,400 per ounce
- Tonnages were calculated using differing bulk densities based on host lithology (basalt 2.74t/m³, 2.96t/m³ for dolerite)
- Numbers may not reconcile precisely due to rounding

KCGM NI 43-101 MINERAL RESERVES ^{1,2,3}										
As at 31 December 2018										
		PROVEN			PROBABLE			TOTAL RESERVES		
		Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)
KCGM GOLD PROJECT (50%)										
	Surface	3,935	1.98	251	23,813	2.14	1,639	27,747	2.12	1,890
	Underground	174	3.07	17	1,171	2.20	83	1,345	2.31	100
	Stockpiles	16,717	1.04	557	50,580	0.68	1,104	67,297	0.77	1,661
	Sub-Total KCGM (50%)	20,826	1.23	825	75,563	1.16	2,826	96,388	1.18	3,651

- The NI 43-101 mineral reserves are shown on a 50% basis
- The mineral reserves have been prepared in accordance with Canadian National Instrument 43-101 (NI 43-101)
- Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definitions were followed for mineral resources
- Mineral Reserves have been calculated at a 0.9g/t cut-off grade
- A long term gold price of US\$1,200 has been used to estimate the mineral reserves
- Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definitions were followed for mineral reserves
- Numbers may not reconcile precisely due to rounding

The mineral resources and mineral reserves estimates for the KCGM Operations have been prepared using the National Instrument 43-101 (Standards of Disclosure for Mineral Projects) of the Canadian Securities Administrators (the "Canadian NI 43-101 Standards"). NI 43-101 is a national instrument for the Standards of Disclosure for Mineral Projects within Canada.

Accordingly, the mineral reserves and mineral resources estimates extracted in this announcement are not, and do not purport to be, compliant with the JORC Code and are therefore classified as "foreign estimates" under the ASX Listing Rules.

ASX Listing Rule 5.12 requirements

ASX Listing Rule 5.12 requires specific information to be included in a public announcement that contains a foreign estimate. In accordance with ASX Listing Rule 5.12, Northern Star provides the information in the below table (and the additional information that precedes it and elsewhere in this announcement).

Cautionary statements (about reliance on these foreign estimates):

- The foreign estimates are not reported in accordance with the JORC Code.
- A Competent Person has not yet done sufficient work to classify the foreign estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code.
- It is currently uncertain whether, following evaluation and/or further exploration work, these foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.
- For now, these foreign estimates have not been published with all the supporting data and such foreign estimates have not been verified by independent third parties.

Competent Persons statements

Mr Darren Cooke confirms that the information in this market announcement that relates to the **mineral resources** for the KCGM Operations provided under ASX Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies supplied to Northern Star as a foreign estimate. Mr Cooke is a full-time employee of Northern Star and is a member of the Australasian Institute of Geoscientists. Mr Cooke has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is accepting responsibility to qualify as a Competent Person as defined in the JORC Code. Mr Cooke consents to the inclusion in this announcement of the matters based on this information in the form and context in which they appear.

Mr Alan Thom confirms that the information in this market announcement that relates to the **mineral reserves** for the KCGM Operations provided under ASX Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies supplied to Northern Star as a foreign estimate. Mr Thom is a full-time employee of Northern Star and is a member of the Australasian Institute of Mining and Metallurgy. Mr Thom has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is accepting responsibility to qualify as a Competent Person as defined in the JORC Code. Mr Thom consents to the inclusion in this announcement of the matters based on this information in the form and context in which they appear.

Limitation on information relating to the KCGM Operations

All information in this announcement in relation to KCGM and the KCGM Operations - including in relation to historical production, mineral resources and mineral reserves estimates, historical costs and other historical financial information and life of mine plans - has been sourced from Newmont Goldcorp Corporation and its related bodies corporate. Whilst due diligence has been undertaken and steps have been taken to review the findings from that and the information provided, no representation or warranty, expressed or implied, is made as to the fairness, accuracy, correctness, completeness or adequacy of any information relating to KCGM or the KCGM Operations.

ASX Listing Rule	ASX Explanation	Commentary
5.12.1	The source and date of the historical estimates or foreign estimates.	<p>The foreign estimates in respect of the KCGM Operations were prepared by KCGM for the Joint Venture partners (Newmont and Barrick at the time of preparation of the estimates). The mineral resources and mineral reserves are prepared in accordance with the Canadian NI 43-101 Standards.</p> <p>The source of the KCGM foreign estimates is the report entitled 'Competent Person Report Kalgoorlie Consolidated Gold Mines (KCGM)' dated 7th of February 2019 and provided to Northern Star by Newmont ("KCGM Competent Person Report"). This report formed the basis of public disclosure of resources and reserves by Newmont dated 21 February 2019 (United States Securities and Exchange Commission Form 10-K Annual Report for the fiscal year ended December 31, 2018, page 50).</p> <p>The KCGM foreign estimates are effective as at 31 December 2018 and, so far as Northern Star is concerned, are the most recent, available mineral resources and mineral reserves estimates for the KCGM Operations.</p>
5.12.2	Whether the historical estimates or foreign estimates use categories of mineralisation other than those defined in Appendix 5A (JORC Code) and if so, an explanation of the differences.	<p>The KCGM foreign estimates of mineral resources and mineral reserves have been prepared using the Canadian NI 43-101 Standards reporting guidelines.</p> <p>Northern Star considers the foreign estimates to be consistent with the requirements of NI 43-101.</p> <p>The mineral resource estimates contain categories of NI 43-101 'Measured', 'Indicated' and 'Inferred' that are consistent with the terminology of the 'Measured', 'Indicated' and 'Inferred' categories under the JORC Code (2012 Edition).</p> <p>NI 43-101 mineral reserves estimates are reported as proven and probable in the foreign estimates. These classifications are consistent with definitions of Proved and Probable Ore Reserves in the JORC Code (2012 Edition).</p>
5.12.3	The relevance and materiality of the historical estimates or foreign estimates to the entity.	<p>The KCGM foreign estimates are material to KLV, which is the entity being acquired by Northern Star under the Proposed Acquisition. Accordingly, Northern Star considers these foreign estimates to be material to Northern Star given its intention, through the Proposed Acquisition, to increase its annual rate of gold production, lower Northern Star's cost profile and materially diversify gold production sources across its portfolio of assets. This is consistent with Northern Star's long-standing growth strategy focused on creating a leading, globally relevant, mid-tier gold producer, with four Tier-1 assets in Tier-1 locations.</p>
5.12.4	The reliability of historical estimates or foreign estimates to the entity.	<p>The foreign estimates are considered reliable by Northern Star for the following reasons:</p> <ul style="list-style-type: none"> - Key criteria, as defined in Table 1 of the JORC Code 2012, has been addressed

ASX Listing Rule	ASX Explanation	Commentary
		<p>in the due diligence completed by Northern Star.</p> <ul style="list-style-type: none"> - The foreign estimates have been reported in the KCGM Competent Person Report by individuals whom are considered to be Qualified Persons as defined in the Canadian NI 43-101 Standards. These Qualified Persons reported that the KCGM Competent Person Report met the due diligence and care requirements as set out in the guidelines for the Canadian NI 43-101 Standards. - In the Canadian NI 43-101 Standards, it is stated that the methodologies for preparing the mineral resources and mineral reserves have not changed significantly in comparison to previous reporting.
5.12.5	To the extent known, a summary of work programs on which the historical estimates or foreign estimates are based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the historical or foreign estimates.	<p>Key geological, mining and metallurgical assumptions used in the estimation of mineral resources and mineral reserves are based on extensive operating experience and historical performance. The Fimiston open pit has been in continuous operation since 1989.</p> <p>Resource Data:</p> <ul style="list-style-type: none"> - A total of 15,575 drill holes have been used to inform the applicable foreign estimates. Drilling techniques used to acquire data are a mixture of Reverse Circulation (RC) and diamond drilling (NQ, HQ drill core size); - Samples were assayed using standard industry techniques (fire assay with AAS finish) at the Bureau Veritas laboratory in Kalgoorlie; - Comprehensive QA/QC checks were conducted during sample preparation and analysis. Protocols are well established for failures. >15% of routine analyses conducted are generally for the purpose of QA/QC. <p>Block Model & Resource Estimation:</p> <ul style="list-style-type: none"> - The overall foreign estimates consist of multiple individual resource models, with techniques and parameters adjusted for various factors, including mineralisation geometry, continuity of mineralisation, likely mining method and data density. - All data was statistically conditioned prior to estimation using industry-standard methodologies (compositing, top cut, declustering etc.). - Interpretation of lithology, structure, mineralisation and other relevant features were completed in industry standard 3-D mining software packages (Vulcan, Datamine). - Interpolation methodologies utilised were predominantly kriging based (Categorical Indicator Kriging, Ordinary Kriging) with areas of lesser data density estimated using inverse distance. - For the Kriging methods, variogram modelling was used to determine spatial continuity of mineralisation. - Block sizes were based on the mineralisation width and likely selective mining unit (SMU). These varied from 10m by 20m by 10m parent cells for Fimiston pit down to 5m by 5m by 2.5m parent cells for underground estimates. - Resource classification was based primarily on drilling spacing and varied by area based on continuity of mineralisation. <p>Gold price used for the foreign estimates:</p> <ul style="list-style-type: none"> - The KCGM mineral resources estimates prepared in accordance with the Canadian NI 43-101 Standards were completed using a US\$1,400 per ounce gold price assumption. - The KCGM mineral reserves estimates prepared in accordance with the Canadian NI 43-101 Standards were completed using a US\$1,200 per ounce gold price assumption. <p>Mineral resources reporting:</p> <ul style="list-style-type: none"> - For Fimiston, material classified as either measured, indicated or inferred that was above a 0.5g/t cut off inside a Whittle optimisation shell was reported as mineral resource. <p>Mineral reserves reporting:</p> <ul style="list-style-type: none"> - The KCGM mineral reserves prepared in accordance with the Canadian NI 43-101 Standards were based on fully scheduled and costed mine designs. - Only resources classified as measured or indicated were converted to

For personal use only

ASX Listing Rule	ASX Explanation	Commentary
		<p>reserve.</p> <ul style="list-style-type: none"> - The cut-off grade used for mineral reserve calculation was >0.9g/t. - The Fimiston open pit mining cost was assumed at US\$3.00/t for the purpose of mining reserves estimates calculation. - The Ore Processing cost per tonne was assumed at US\$12.60/t for the purpose of mining reserves estimates calculation. - Processing recovery assumption was 84% for the ore reserve calculation.
5.12.6	Any more recent estimates or data relevant to the reported mineralisation available to the entity	No more recent estimates have been completed or provided to Northern Star by Newmont. The mineral resources and mineral reserves estimates as at 31 December 2018 (as contained in the KCGM Competent Person Report) are, so as Northern Star is aware, the most recent estimates approved by the KCGM joint venture partners.
5.12.7	The evaluation and/or exploration work that needs to be completed to verify the historical estimates or foreign estimates as mineral resources or ore reserves in accordance with ASX Listing Rules Appendix 5A (JORC Code).	<p>Following completion of the Proposed Acquisition, it is Northern Star's intention to undertake a comprehensive evaluation of data and evaluate the foreign estimates as per the criteria outlined in the JORC Code (2012 Edition).</p> <p>Northern Star intends for all future resources and reserves estimates released for KCGM to be prepared in accordance with the JORC Code (2012 edition).</p> <p>Key works proposed to verify the foreign estimates as estimates (of Mineral Resources and Ore Reserves) in accordance with the JORC Code (2012 Edition) include:</p> <ul style="list-style-type: none"> - Detailed validation and verification of information supplied by Newmont; - Further validation and verification of the resource model, including appropriateness of resource categories; - Validation of modifying factors applied to the resource and reserve estimates.
5.12.8	The proposed timing of any evaluation and/or exploration work that the entity intends to undertake and a comment on how the entity intends to fund that work.	The evaluation work is planned to be completed during FY2020 and will be reported in Northern Star's Annual Mineral Resources and Ore Reserves Statement in August 2020.
5.12.9	<p>A cautionary statement proximate to, and with equal prominence as, the reported historical estimates or foreign estimates stating that:</p> <ul style="list-style-type: none"> - The estimates are historical estimates or foreign estimates and are not reported in accordance with the JORC code; - A competent person has not done sufficient work to classify the historical estimates or foreign estimates as mineral resources or ore reserves in accordance with the JORC Code; and - It is uncertain that following evaluation and/or further exploration work that the historical estimates or foreign estimates will be able to be reported as mineral resource or ore reserves in accordance with the JORC Code. 	<p>Northern Star cautions that mineral resources and mineral reserves for the KCGM Operations are not reported in accordance with the JORC Code (2012 Edition).</p> <p>A Competent Person has not yet completed sufficient work to classify the foreign estimates of mineral resources or mineral reserves as Mineral Resources or Ore Reserves in accordance with the JORC Code (2012 Edition).</p> <p>It is currently uncertain whether, following evaluation and/or further exploration work, these foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.</p>
5.12.10	A statement by a named competent person or persons that the information in the market announcement provided under rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project. The statement must include the information referred to in rule 5.22(b) and (c).	See Competent Person statements above.

Forward Looking Statements

This announcement contains forward looking statements about Northern Star and KCGM. Often, but not always, forward looking statements can be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding the Issuer’s intent, belief or expectations, plans, strategies and objectives of management, future acquisitions, anticipated production or construction commencement dates, expected costs or production outputs for each of Northern Star and KCGM, the outcome and effects of the Proposed Acquisition and the future operation of Northern Star and of the KCGM Operations. To the extent that these materials contain forward looking information, the forward looking information is subject to a number of risk factors, including those generally associated with the gold industry. Any such forward looking statement also inherently involves known and unknown risks, uncertainties and other factors that may cause actual results, performance and achievements to be materially greater or less than estimated (refer to the “Key Risks” section of the accompanying investor presentation). These factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development (including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves), political and social risks, changes to the regulatory framework within which Northern Star and KCGM operate or may in the future operate, environmental conditions including extreme weather conditions, geological and geotechnical events, and environmental issues, and the recruitment and retention of key personnel, industrial relations issues and litigation.

Any such forward looking statements are also based on assumptions and contingencies which are subject to change and which may ultimately prove to be materially incorrect. Investors should consider the forward looking statements contained in this announcement in light of those disclosures and not place reliance on such statements. The forward looking statements in this announcement are not guarantees or predictions of future performance and may involve significant elements of subjective judgment, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of Northern Star. The forward looking statements are based on information available to Northern Star as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), Northern Star undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Indications of, and guidance on, future earnings or financial position or performance are also forward looking statements and may include, without limitation, statements in this announcement regarding plans, strategies and objectives of management, anticipated production dates, expected costs for Northern Star and KCGM or production outputs or indicative revenues and operating costs for Northern Star and KCGM. To the maximum extent permitted by law, Northern Star and the Joint Lead Managers, as well as their respective affiliates, relates bodies corporate, directors, officers, partners, employees, representatives, agents, consultants, advisers and associates, disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

Nothing in this announcement will, under any circumstances (including by reason of this announcement remaining available and not being superseded or replaced by any other announcement, presentation or publication with respect to Northern Star or the subject matter of this announcement), create an implication that there has been no change in the affairs of Northern Star since the date of this announcement. Neither Northern Star, nor any other Party, makes any representation or warranty as to the accuracy of any forward looking statements contained in this announcement.

Not an offer and not for distribution or release in the United States

This announcement (and the information contained in it) is provided for information purposes only and does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be unlawful. It is not an invitation or recommendation to subscribe for, acquire or buy securities of Northern Star (including New Shares), or any other financial products or securities, in any place or jurisdiction.

The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, (“U.S. Securities Act”) or the securities laws of any State or other jurisdiction of the United States. The New Shares may not be offered or sold, directly or indirectly, in the United States or to any person in the United States unless they have been registered under the U.S. Securities Act (which Northern Star has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

The distribution of this announcement (including an electronic copy) in the United States and elsewhere outside Australia may be restricted by law. If you come into possession of this announcement, you should observe such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws. Refer to the “International Offer Restrictions” in Appendix D to the investor presentation released by Northern Star (on the same date as this announcement) for more information. By accessing this announcement, you represent and warrant that you are entitled to receive such announcement in accordance with these restrictions and agree to be bound by the limitations contemplated by them.

ASX Announcement

17 December 2019

Financial data

All dollar values are in Australian dollars ("A\$" or "AUD") unless stated otherwise. All references to "USD" or "US\$" or "USD" are to the currency of the United States of America.

Any pro forma financial information included in this announcement is for illustrative purposes and does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Investors should be aware that financial data in this announcement include "non-IFRS financial information" under ASIC Regulatory Guide 230 "Disclosing non-IFRS financial information" published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934. Northern Star believes this non-IFRS/non-GAAP financial information provides useful information to users in measuring the financial performance and conditions of Northern Star. The non-IFRS financial information do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information and ratios included in this announcement. Financial data for KCGM contained in this announcement has been derived from financial statements and other financial information made available by Newmont (or its related bodies corporate) in connection with the Proposed Acquisition. Such financial information is unaudited and does not purport to be in compliance with Article 3-05 of Regulation S-X under the US Securities Act.

For personal use only



Northern Star Resources Limited - ABN: 43 092 832 892

Level 1, 388 Hay Street
Subiaco WA 6008, Australia

PO Box 2008
Subiaco WA 6904

T: +61 8 6188 2100
F: +61 8 6188 2111

E: info@nsrltd.com
W: www.nsrltd.com

ANNEXURE A

Key terms of transaction documentation

Summary of key terms of the Share Sale Deed:

<p>Overview</p>	<p>Northern Star has entered into a Share Sale Deed with Newmont Goldcorp Australia Pty Ltd (Newmont), (Share Sale Deed).</p> <p>Under the terms of the Share Sale Deed, Newmont has agreed to sell to Northern Star all of the issued shares (Sale Shares) in Kalgoorlie Lake View Pty Ltd (KLV), which in turn, holds a 50% participating interest in the Kalgoorlie Consolidated Gold Mines Joint Venture (KCGM JV) with Saracen Kalgoorlie Pty Ltd.</p> <p>In addition to the Sale Shares, the Share Sale Deed also provides for:</p> <p>(a) the sale to Northern Star of certain exploration tenements located in Kalgoorlie that are held by Newmont Exploration Pty Ltd (a wholly-owned subsidiary within the Newmont Group) (the NE Tenements); and</p> <p>(b) the grant of an option to Northern Star (and the payment of a conditionally refundable option fee) in respect of the potential acquisition of Newmont's power business.</p> <p>The total purchase price payable by Northern Star on completion of the Share Sale Deed (Completion) is US\$775 million, subject to an adjustment for KLV's working capital and certain pre-completion cash calls (given that Northern Star acquires the economic benefit of the Sale Shares from 1 January 2020). This purchase price is in respect of both the Sale Shares and the NE Tenements.</p> <p>More detail about the option fee is provided below.</p>
<p>Conditions Precedent</p>	<p>Completion will be subject to Northern Star obtaining the Minister for Lands' consent in respect of a change in control in KLV, as a result of certain Crown Leases on which real property associated with the KCGM JV's operations (KCGM Operations) is located. This is the sole condition precedent to completion under the Share Sale Deed.</p> <p>The latest date on which this condition is to be satisfied is 29 February 2020, after which either Newmont or Northern Star may elect to terminate the Share Sale Deed.</p>
<p>Termination events</p>	<p>Each of Northern Star and Newmont may terminate their respective obligations under the Share Sale Deed if any one or more of a number of specified events occurs before Completion. These termination events are not uncommon for an arrangement of this nature.</p> <p>Northern Star is entitled to terminate the Share Sale Deed before Completion if: Newmont or KLV becomes insolvent; or a catastrophic event (eg a pit-wall collapse) occurs which has a significant and prolonged material and adverse effect on Newmont's business or the KCGM Operations.</p> <p>Newmont is entitled to terminate the Share Sale Deed before Completion if: Northern Star becomes insolvent; or Northern Star is unable to obtain sufficient funds (including pursuant to its debt and equity funding arrangements) to pay the purchase price (and the option fee) under the Share Sale Deed in full at Completion.</p>
<p>Option in respect of Newmont's power business</p>	<p>In addition to the Purchase Price, Northern Star will, at Completion, also pay Newmont a separate Option Fee of US\$25 million (Option Fee) for an exclusive right to submit an offer to purchase Newmont's shares in GMK Investments Pty Ltd (Option Shares), being the Newmont Group entity that holds Newmont's interests in certain power assets (including an interest in the Parkeston Power Station) which supplies power for KCGM Operations (Power Assets).</p> <p>Should Northern Star elect to submit an offer to Newmont for the Option Shares, Northern Star must do so no later than 30 days before the "Option End Date" (being a date that is the earlier of 120 days after completion under the Share Sale Deed, and 90 days after the Northern Star has given written notice to Newmont that Northern Star considers that Newmont has complied with its obligations to provide due diligence information in relation to the Option Shares), after which the parties will seek to reach a binding agreement for the sale and purchase of the Option Shares.</p>

For personal use only

For personal use only

	<p>If Northern Star enters into a binding sale and purchase agreement to purchase the Option Shares before the Option End Date, the Option Fee will be deemed to form part of, and will be set off against, the purchase price payable for the Option Shares under that binding agreement.</p> <p>If Northern Star does not submit an offer to purchase the Option Shares (for certain specified reasons – including arising from the results of Northern Star's due diligence investigations), or if Newmont does not accept Northern Star's offer, Newmont must seek to sell the Option Shares or the other Power Assets to a third party purchaser.</p> <p>If Northern Star does not purchase the Option Shares but a third party purchaser does, Northern Star will be entitled to a refund of part of the Option Fee, the extent of the refund depending on the circumstances.</p> <p>Specifically, if Newmont sells the Option Shares or Power Assets to:</p> <ul style="list-style-type: none"> (a) a third party (other than one that is a related body corporate of Northern Star or is KCGM), then following receipt of the purchase price for the sale, Newmont must refund the Option Fee to Northern Star, less an amount of US\$2.5 million; and (b) a third party that is a related body corporate of Northern Star or is KCGM, then following receipt of the purchase price for the sale, Newmont must refund the Option Fee to Northern Star, less an amount of US\$2.5 million, provided that if the purchase price payable by such third party is less than the Option Fee, the amount refunded will be the amount received by Newmont, less an amount of US\$2.5 million. <p>There is no provision for a refund of the Option Fee in circumstances where Northern Star does not purchase the Option Shares, and the Option Shares/the Power Assets are not purchased by a third party.</p>
<p>Transitional Services</p>	<p>Following Completion, Newmont will (at Northern Star's request) provide Northern Star with certain transitional services (including access to certain personnel on a secondment basis) up until 30 June 2020 (Transitional Services).</p> <p>Such Transitional Services will be provided on a no-cost basis to Northern Star (with the exception of third party supplier costs, which will be on-charged to Northern Star on a cost recovery basis, without mark-up).</p>

Summary of key terms of the Placement Underwriting Agreement:

<p>Overview</p>	<p>Northern Star has entered into a Placement Underwriting Agreement with Macquarie Capital Australia Limited (Macquarie) and Canaccord Genuity (Australia) Limited (Canaccord), (Placement Agreement).</p> <p>Under the terms of the Placement Agreement, Macquarie and Canaccord (together, JLMs) have agreed to underwrite the issue of all of the New Shares comprised in the Placement.</p> <p>The obligation of the JLMs is to underwrite the issue of the New Shares in their respective proportions, being Macquarie 80% and Canaccord 20%.</p> <p>Macquarie is also appointed as global coordinator of the Placement.</p>
<p>Conditions Precedent</p>	<p>The JLMs' obligations under the Placement Agreement are subject to conditions precedent which are not uncommon for an arrangement of this nature.</p> <p>These include a condition precedent which relates to the Share Sale Deed not being void or voidable, not having been amended or breached in any material respect, not having been terminated or rescinded, and no circumstances existing or arising which would entitle a party to the Share Sale Deed to terminate it or result in a condition precedent to the Share Sale Deed being (in the reasonable opinion of the JLMs) incapable of being satisfied.</p>
<p>Termination and repricing events</p>	<p>The JLMs are entitled to terminate their obligations under the Share Sale Deed if any one or more of a number of specified events occurs before settlement of the Placement. The termination events are not uncommon for an arrangement of this nature.</p> <p>The termination events include: a breach of by Northern Star of its obligations under the Placement Agreement; any statement in the ASX announcement of the proposed transaction or the accompanying Investor Presentation is or becomes false, misleading or deceptive or is likely to mislead or deceive (including by omission); Northern Star alters its capital structure (other than under the SPP or the Director Issue); an adverse change occurs in the assets, liabilities, financial position, performance, profits, losses or prospects of Northern Star and its related bodies corporate; certain specified regulatory action occurs; an event occurs which entitles a party to terminate the Share Sale Deed or it is breached or amended in a material respect (without the prior written consent of the JLMs), or an event occurs which prevents Northern Star from drawing the new debt facilities put in place to fund part of the acquisition cost. The ability of the JLMs to rely on some of the termination events is subject to a "materiality" requirement.</p> <p>The Placement Agreement also contains a number of repricing events. If any of the repricing events occurs, Northern Star and the JLMs must enter into good faith negotiations to determine a new issue price for the New Shares. If a new price or a revised structure for the funding cannot be agreed in accordance with the Placement Agreement, then either party is entitled to terminate the Placement Agreement.</p> <p>The repricing events include: commencement or escalation of hostilities in certain specified countries, or a terrorist act being perpetrated on or in respect of those countries; the introduction of, or announcement of a proposal to introduce new laws in Australia, or the adoption or announcement of a proposal to adopt new policy; a general moratorium on commercial banking activities in Australia, Hong Kong, the USA or the United Kingdom, or there is a material disruption in commercial banking or settlement or clearance services in those countries; there is a suspension of trading in quoted securities on ASX, the Hong Kong Stock Exchange, the London Stock Exchange or the New York Stock Exchange; or there is an adverse change or disruption to the political conditions or financial markets of Australia, the USA, the United Kingdom, Hong Kong or Japan.</p> <p>All of the repricing events are subject to a "materiality" requirement.</p>

For personal use only