



**NORTHERN STAR**  
RESOURCES LIMITED

**2013**  
Annual Report



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## DIRECTORS

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

## COMPANY SECRETARY

Liza Carpene

## REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

Level 1  
1 Puccini Court  
Stirling WA 6021  
Australia  
Telephone: +61 8 6188 2100  
Facsimile: +61 8 6188 2111  
Website: [www.nsr ltd.com](http://www.nsr ltd.com)  
Email: [info@nsr ltd.com](mailto:info@nsr ltd.com)

## SHARE REGISTRY

Advanced Share Registry Limited  
150 Stirling Highway  
Nedlands WA 6009  
Australia  
Telephone: +61 8 9389 8033  
Facsimile: +61 8 9389 7871  
Website: [www.advancedshare.com.au](http://www.advancedshare.com.au)

## HOME STOCK EXCHANGE

ASX Limited  
2 The Esplanade  
Perth WA 6000  
Australia  
ASX Code: NST

## AUDITORS

Rothsay Chartered Accountants  
Level 1  
Lincoln House  
4 Ventnor Avenue  
West Perth WA 6005  
Australia

## Dear Shareholder

The 2013 financial year was another successful year for Northern Star, amidst turbulent market conditions and fluctuating gold prices. In November 2012, the Company achieved the significant milestone of being admitted to the S&P/ASX 200 Index which is a reflection of its strong performance and acceptance in the investment market.

Northern Star's cornerstone asset, the Paulsens Gold Mine, continues to deliver positive results for the Company. During the 2013 financial year, the Paulsens Gold Mine produced record physicals of 88,614 ounces of gold, increased its Mineral Resources from 403,000 ounces of gold to 532,000 ounces<sup>1</sup>, an increase of 32%, and enhanced its strong safety record.

The Company continues to demonstrate strong profitability and recorded a net profit after tax of \$28.3 million for the 2013 financial year which was a 29% increase on the 2012 result of \$22 million. Earnings per share grew by 29% on the previous year to 6.6 cents per share as did earnings before interest and tax (EBITDA) of \$63.8 million.

At 30 June 2013, Northern Star had \$61 million in cash at bank, bullion and investments. During the year, the Company paid its maiden dividend of 2.5 cents per share in September 2012 and an interim dividend of 1 cent per share in April 2013 placing the Company on a 6% fully franked yield at a closing price of 58.5 cents per share. Subsequent to the period end, the Company declared a dividend of 2.5 cents per share payable on 27 September 2013 as part of its commitment to delivering returns to Shareholders.

The Company remains excited by its exploration prospects and underground success in its near mine development work at the Paulsens Gold Mine, including the recent Titan discovery subsequent to the end of the period.

The Regional Exploration Team remains focused on developing significant organic growth through our substantial tenement package which now covers 8,610km<sup>2</sup> of land stretching from the 1Moz Paulsens Gold Mine to its 2Moz Ashburton Project some 200km away. This land holding includes ground accessed via joint venture arrangements following the successful execution of a deal with Fortescue Metals Group in January 2013 to acquire and farm-in on the non-iron ore mineral rights over key geological corridors on highly prospective tenements around its Paulsens Gold Mine and Ashburton Gold Project.

The Board and Staff remain committed to managing the Company's activities in a safe, sustainable manner, socially and environmentally responsible, with minimal impact on the communities in which it operates. Northern Star's primary objective is to grow the Company's Shareholder value, resource/reserve base and build long term profitability which will be achieved through operational excellence, exploration, organic growth and strategic opportunities.

The Board would like to thank all of our Shareholders, Employees, Stakeholders, Contractors and Suppliers who have contributed to our achievements during the year. In particular, the strong focus and commitment of our Managing Director and his Executive Team has successfully positioned the Company for further growth as a long-term profitable gold producer.

Yours sincerely



**CHRIS ROWE**  
**Chairman**

8 October 2013

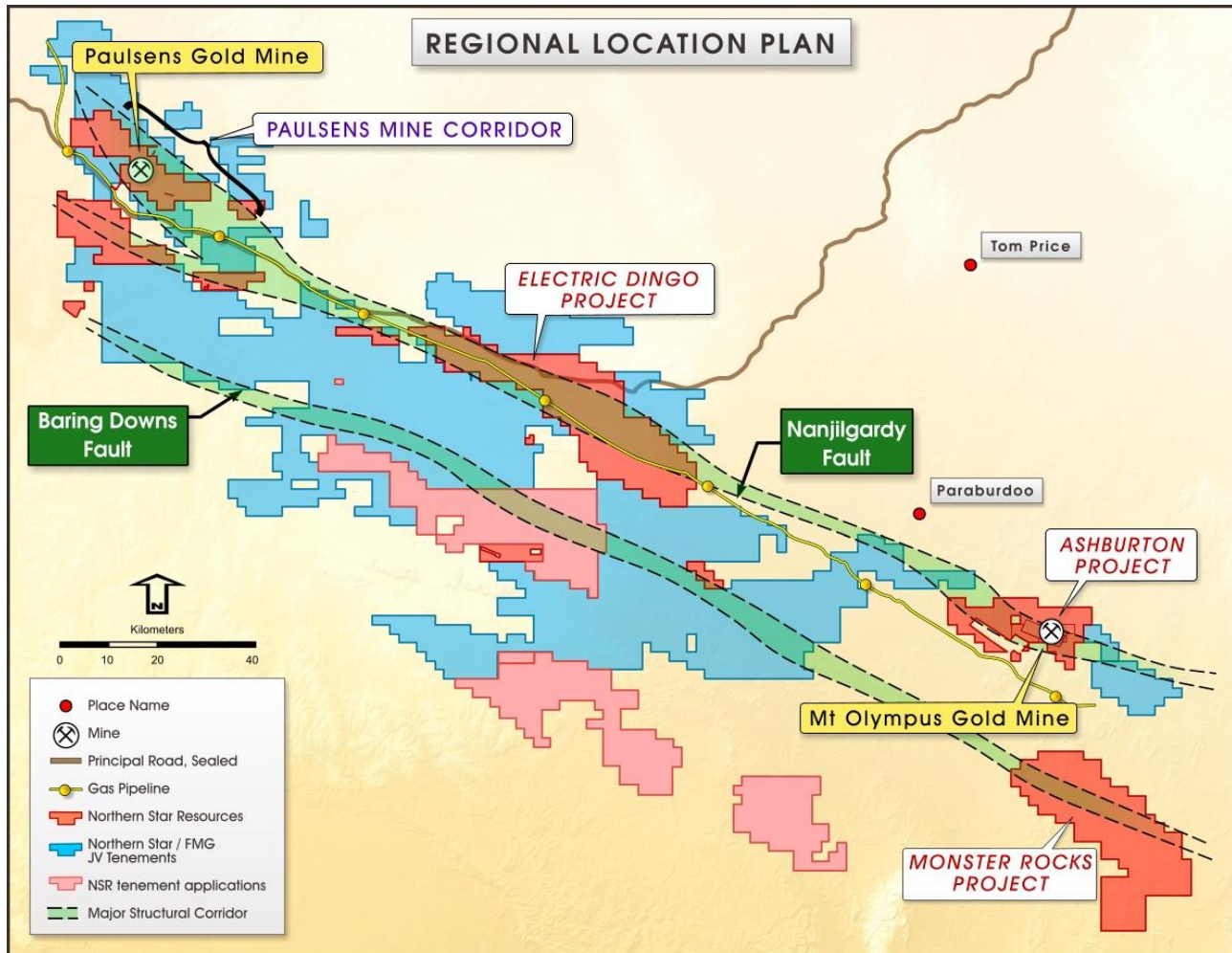
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<sup>1</sup> Gold Mineral Resources as at 30 June 2013 released to the ASX on 5 August 2013.



## OVERVIEW

Northern Star Resources Limited (Northern Star) is an ASX 200 gold (Au) production and exploration company with a resource base of over 2.2 million ounces, located in the highly prospective Ashburton-Pilbara region of Western Australia with a total land package of 8,610km<sup>2</sup>. Northern Star remains focussed on its growth strategy to increase the production rate at its Paulsens Gold Mine to greater than 100,000 ounces per annum, and in parallel, progressing its exploration activities with the goal of building a second 100,000 ounce per annum operation at the Ashburton Project when market conditions improve. The Company maintains a strong business development focus and will advance its activities through a structured and disciplined approach to assessing new opportunities.



## HEALTH AND SAFETY, ENVIRONMENT AND COMMUNITY

Northern Star values the health and safety of its employees and contractors, and continues to drive initiatives to further improve safety in the workplace. This on-going focus and commitment to a safe environment has resulted in a notable improvement in safety performance and is a fundamental measure of success for the business. At the end of June 2013, the Paulsens mine site had achieved 354 days Lost Time Injury free and this excellent performance has continued into the 2014 financial year.

The Company is committed to managing its activities in an environmentally responsible manner. Through effective management practices, and the commitment of its employees and contractors, Northern Star will ensure its activities have a minimum impact on the environment.

Northern Star proactively engages with the Communities in which it operates, and believes that the support and endorsement of its activities by these Communities is fundamental to the long-term success of its business. Northern Star's employees and contractors embrace an inclusive culture and continue to strengthen relationships with all stakeholders.



## MINE PRODUCTION

All ore to date has been sourced from the Paulsens Gold Mine. In the 2013 financial year, a total of 103,566 ounces Au were mined. Cash costs for the period were \$680 per ounce Au which included State Government Royalties of \$38 per ounce. The total mine is now mining ore at a rate which exceeds the production capacity of the processing plant.

During the period 412,360 tonnes were milled at an average head grade of 7.3 gpt Au for 88,614 ounces Au recovered. Unprocessed ore stocks available for mill feed at the end of the period totalled 118,054 tonnes containing 9,976 ounces Au. Gold in circuit at the end of the period totalled 1,741 ounces. Bullion on hand amounted to 2,214 ounces, and was subsequently sold in July 2013 realising \$3.0 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	FY2013
Ore Hoisted	Tonnes	107,805	116,051	103,491	127,392	454,739
Mined Grade	gpt Au	6.53	7.08	7.29	6.90	6.95
Gold in Ore Hoisted	Oz	22,634	26,418	24,273	28,263	101,588
Low Grade Hoisted	Tonnes	19,724	11,194	10,864	11,238	53,020
Grade	gpt Au	1.07	1.45	1.03	1.13	1.15
Gold in Low Grade	Oz	678	522	360	407	1,967
<b>Total Ore Hoisted</b>	<b>Tonnes</b>	<b>127,529</b>	<b>127,245</b>	<b>114,355</b>	<b>138,628</b>	<b>507,757</b>
<b>Mined Grade</b>	<b>gpt Au</b>	<b>5.69</b>	<b>6.59</b>	<b>6.70</b>	<b>6.43</b>	<b>6.34</b>
<b>Gold in Ore Hoisted</b>	<b>Oz</b>	<b>23,312</b>	<b>26,940</b>	<b>24,633</b>	<b>28,681</b>	<b>103,566</b>

PAULSENS	UNITS	SEP-12 QTR	DEC-12 QTR	MAR-13 QTR	JUN-13 QTR	FY2013
Milled Tonnes	Tonnes	90,581	89,244	115,715	116,820	412,360
Head Grade	gpt Au	6.97	7.74	7.18	7.24	7.27
Ounces Produced	Oz	20,303	22,231	26,716	27,260	96,510
Recovery	%	93	92	89	94	92
<b>Gold Recovered</b>	<b>Oz</b>	<b>18,862</b>	<b>20,515</b>	<b>23,817</b>	<b>25,421</b>	<b>88,614</b>
Ounces Poured	Oz	18,953	20,720	23,631	25,348	88,652
<b>Ounces Sold</b>	<b>Oz</b>	<b>23,539</b>	<b>19,728</b>	<b>24,492</b>	<b>25,036</b>	<b>92,795</b>
Average Gold Price	A\$/oz	1,580	1,663	1,569	1,423	1,552
<b>Revenue</b>	<b>A\$M</b>	<b>37.2</b>	<b>32.8</b>	<b>38.4</b>	<b>35.6</b>	<b>144.1</b>
<b>Cash Operating Cost</b>	<b>A\$/oz</b>	<b>679</b>	<b>600</b>	<b>642</b>	<b>795</b>	<b>680</b>
<b>Total Operating Cost</b>	<b>A\$/oz</b>	<b>890</b>	<b>921</b>	<b>921</b>	<b>1,140</b>	<b>977</b>

## FINANCIAL RESULT

For the year ended 30 June 2013, the Company produced 88,614 ounces Au at an average cash cost of \$680 per ounce Au which included State Government Royalty of \$38 per ounce. Revenue totalled \$144 million, at an average gold sale price of \$1,552 per ounce. Net profit after tax for the year was \$28 million.

	FINANCIAL YEAR END 30 JUNE 2013 '000	FINANCIAL YEAR END 30 JUNE 2012 '000	% CHANGE
Revenue	144,236	99,525	45%
EBITDA <sup>(1)</sup>	63,785	49,373	29%
EBIT <sup>(2)</sup>	37,560	31,973	17%
NPAT <sup>(3)</sup>	28,328	21,964	29%

<sup>(1)</sup> EBITDA is calculated as follows: Profit before Income Tax plus depreciation and amortisation plus finance cost

<sup>(2)</sup> EBIT is calculated as follows: Profit before Income Tax plus finance costs

<sup>(3)</sup> NPAT is calculated as follows: Net Profit after taxation

## CORPORATE

Key milestones during the period included:

- The Company was admitted to the ASX 200 on 16 December 2012.
- A fully franked maiden dividend of 2.5 cents per share was paid in September 2012.
- A fully franked interim dividend of 1 cent per share was paid in April 2013.
- Mr John Fitzgerald was appointed as an independent Non-Executive Director on 30 November 2012, and assumed the role of Chair of the Audit Committee.
- Mr Peter Farris did not stand for re-election as a Non-Executive Director at the Company's Annual General Meeting held on the 30 November 2012. Mr Farris had served as a Director of the Company since April 2009.
- Ms Liza Carpena was appointed as full time Company Secretary on 15 April 2013, replacing Miss Karen Brown who had been the Company Secretary since May 2000.

## BUSINESS DEVELOPMENT

During the period, Northern Star executed a deal to acquire and farm-in on the non-iron ore mineral rights over key geological corridors on highly prospective tenements around its Paulsens mine and Ashburton Gold Project from Fortescue Metals Group (Fortescue). The deal, which provides for Northern Star to initially acquire 25%, then earn a further 35% of the non-iron ore rights over two years to provide Northern Star with a 60% JV interest and a total tenement package of 8,610km<sup>2</sup> of land stretching from Paulsens to its 1.7Moz Ashburton Project ~200km away. After the initial 60% earn-in, Fortescue must co-contribute otherwise it will dilute down to an eventual 2% net smelter return (NSR).

## EXPLORATION

### *Paulsens in Mine Drilling*

By the end of the period, Northern Star had increased the Resource base at the Paulsens Project by 32% to 532,000oz (refer Table 1). Underground drilling was focussed predominantly on the Voyager 1, the newly discovered high grade Voyager 1 Extension down plunge, Voyager 2 and the recently discovered Gabbro Veins. Numerous drill holes were also completed in the Upper Levels of Paulsens.

### *Paulsens Group*

The Paulsens Corridor generated new targets from aeromagnetic surveys that have been followed up with reconnaissance targeted soil programs, as well as drill planning on existing high ranked exploration targets such as the Gabbro Offset and the Belvedere prospect with a high degree of success to date. The Belvedere deposit is located just 8km from the Paulsens' processing plant, whilst the Gabbro Offset target is within 250 metres of the existing Paulsens' mine infrastructure

### *Ashburton Group*

During the year, Northern Star's strategy to establish a second 100,000 ounce-a-year operation continued at its Ashburton Project with new discoveries highlighted at Cheela, Sparta and extensions to the known mineralisation at Mount Olympus, Peake Extension and Waugh prospects. This resulted in resources for the project increasing by 66% to 1.7Moz. Further greenfield targets have been generated to source new oxide and sulphide targets.

Subsequent to the period end, Northern Star announced that it had temporarily reduced its regional exploration and project development expenditure which involves delaying the Ashburton Gold Project pending improvement in the gold price and general market conditions. Northern Star will continue to meet its expenditure commitments to ensure that tenements remain in good standing.

## RESOURCES & RESERVES

The following tables detail the Mineral Resources established as at 30 June 2013. The change to Mineral Resources at the Paulsens Gold Project was an increase of 32% from 403,000oz at 30 June 2012 to 532,000oz as at 30 June 2013. Reserves on the Paulsens Gold Project also increased from 113,000oz at 30 June 2012 to 204,000oz at 31 December 2012. This represented an 80% increase in Reserves.

At the Ashburton Project, Mineral Resources increased by 66% from 1 million ounces at 30 June 2012 to 1.7 million ounces at 30 June 2013. Total JORC gold reported Resource ounces for the Company stand at 2.2 million ounces as per Table 1, and total JORC gold reported Reserve ounces for the Company stand at 257,000 ounces as per Table 2.



GOLD MINERAL RESOURCES <sup>1</sup>													
As at 30 June 2013													
Based on attributable ounces	MEASURED (M)			INDICATED (I)			INFERRED (Inf)			TOTAL (MI&Inf)			Cut Off Grade
	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)	
<b>PAULSENS GOLD PROJECT</b>													
<b>Surface</b>													
Paulsens	-	-	-	573	2.5	47	169	3	14	742	2.5	61	1.0 gpt Au
Belvedere	-	-	-	168	3.6	19	99	5	16	267	4.2	35	1.0 gpt Au
Merlin	-	-	-	-	-	-	523	1	24	523	1.4	24	1.0 gpt Au
Mt Clement (20%)	-	-	-	-	-	-	226	2	13	226	1.8	13	0.5 gpt Au
<b>Underground</b>													
Upper Paulsens	63	9.7	20	98	13.1	41	119	8	31	280	10.2	92	2.5 gpt Au
Voyager UG	517	12.1	201	173	11.9	66	61	13	26	751	12.2	293	2.5 gpt Au
Stockpiles	118	2.6	10	-	-	-	-	-	-	118	2.6	10	1.0 gpt Au
Gold in Circuit/Transit	-	-	4	-	-	-	-	-	-	-	-	4	
<b>Subtotal Paulsens</b>	<b>698</b>	<b>10.5</b>	<b>235</b>	<b>1,012</b>	<b>5.3</b>	<b>173</b>	<b>1,197</b>	<b>3.2</b>	<b>124</b>	<b>2,907</b>	<b>5.6</b>	<b>532</b>	
<b>ASHBURTON GOLD PROJECT</b>													
<b>Surface</b>													
Mt Olympus	-	-	-	6,038	2.3	448	9,138	2.2	632	15,176	2.2	1,080	0.7 gpt Au
Peake	-	-	-	113	5.2	19	3,544	3.3	380	3,657	3.3	399	0.9 gpt Au
Waugh	-	-	-	347	3.6	40	240	3.6	28	587	3.6	68	0.9 gpt Au
Zeus	-	-	-	508	2.1	34	532	2.2	38	1,040	2.2	72	0.9 gpt Au
Electric Dingo	-	-	-	98	1.6	5	444	1.2	17	542	1.3	22	0.9 gpt Au
Romulus	-	-	-	-	-	-	329	2.6	27	329	2.6	27	0.9 gpt Au
<b>Subtotal Ashburton</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,104</b>	<b>2.4</b>	<b>546</b>	<b>14,227</b>	<b>2.5</b>	<b>1,122</b>	<b>21,331</b>	<b>2.4</b>	<b>1,668</b>	
<b>TOTAL RESOURCES</b>	<b>698</b>	<b>10.5</b>	<b>235</b>	<b>8,116</b>	<b>2.8</b>	<b>719</b>	<b>15,424</b>	<b>2.5</b>	<b>1,246</b>	<b>24,238</b>	<b>2.8</b>	<b>2,200</b>	

<sup>1</sup> Resources are inclusive of Reserves

<sup>2</sup> Rounding errors may occur

Table 1 - Paulsens and Ashburton Mineral Resources inclusive of Reserves effective 30 June 2013

GOLD MINERAL RESERVES <sup>1</sup>										
As at 31 December 2012										
Based on attributable ounces	PROVED			PROBABLE			PROVED and PROBABLE			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)	
<b>PAULSENS GOLD PROJECT</b>										
<b>Surface</b>										
Paulsens	-	-	-	424	2.3	31	424	2.3	31	
Belvedere	-	-	-	129	3.2	13	129	3.2	13	
<b>Underground</b>										
Upper Paulsens	-	-	-	36	6.9	8	36	6.9	8	
Voyager UG	328	8.0	84	149	11.1	53	477	8.9	137	
Stockpiles	102	3.3	11	-	-	-	102	3.3	11	
Gold in Circuit/Transit	-	-	4	-	-	-	-	-	4	
<b>Subtotal Paulsens</b>	<b>430</b>	<b>6.9</b>	<b>99</b>	<b>738</b>	<b>4.4</b>	<b>105</b>	<b>1,168</b>	<b>5.3</b>	<b>204</b>	
<b>ASHBURTON GOLD PROJECT</b>										
<b>Surface</b>										
Mt Olympus	248	3.6	29	113	3.6	13	361	3.6	42	
Peake	-	-	-	47	5.0	8	47	5.0	8	
Zeus	-	-	-	38	2.4	3	38	2.4	3	
<b>Subtotal Ashburton</b>	<b>248</b>	<b>3.6</b>	<b>29</b>	<b>198</b>	<b>3.8</b>	<b>24</b>	<b>446</b>	<b>3.7</b>	<b>53</b>	
<b>TOTAL RESERVES</b>	<b>678</b>	<b>5.9</b>	<b>128</b>	<b>936</b>	<b>4.3</b>	<b>129</b>	<b>1,614</b>	<b>5.0</b>	<b>257</b>	

<sup>1</sup> Rounding errors may occur

Table 2 - Paulsens and Ashburton Mineral Reserves effective 31 December 2012

## Competent Persons Statements

The information in this announcement that relates to Paulsens and Ashburton mineral resource estimations, 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, who is an AIG member who is a full-time employee of Northern Star Resources Limited. 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ekers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this announcement that relates to the Paulsens Project Ore Reserves has been compiled by or under the supervision of Darren Stralow, General Manager – Paulsens Gold Mine, who is a full-time employee of Northern Star Resources Limited. Mr Stralow 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Stralow 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.

Information in this announcement that relates to the Ashburton Ore Reserves has been compiled by Shane McLeay, Principal Engineer – Entech Pty Limited, 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 2012 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.

## Forward Looking Statements

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.



The Directors of Northern Star Resources Limited (Northern Star) present their report together with the consolidated financial report for the year ended 30 June 2013.

## 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.

### Name and Qualifications

#### Christopher K G Rowe

BA, MA Economics and Law -  
Independent Non-Executive Chairman

Appointed: 20 February 2003

#### William J (Bill) Beament

B.Eng-Mining (Hons) -  
Managing Director

Appointed: 20 August 2007

#### Michael G Fotios

BSc (Hons), MAusIMM -  
Non-Executive Director

Appointed: 4 September 2009

#### Peter O'Connor

MA, Economics and Political Science,  
Trinity College, Dublin University;  
Barrister-at Law, The Kings Inn, Dublin  
Independent Non-Executive Director

Appointed: 21 May 2012

#### John D Fitzgerald

CA, Fellow FINSIA, GAICD  
Independent Non-Executive Director

Appointed: 30 November 2012

### Experience, Special Responsibilities and Other Directorships

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.

Mr Rowe is currently Chairman of Target Energy Limited (since January 2010) and was previously a director of Tangiers Petroleum Limited (from April 2008 to October 2010).

Mr Rowe is a member of the Audit Committee, and Chair of the Nomination and Remuneration Committees.

Mr Beament is a mining engineer with more than 19 years' experience in the resource sector. Previously he held several senior management positions, including General Manager of Operations for Barminto Limited with overall responsibility for 12 mine sites across Western Australia, and General Manager of the Eloise Copper Mine in Queensland. Mr Beament is the current President of Western Australian School of Mines Graduate Association representing over 3,000 graduates.

Mr Beament is a member of the Nomination Committee.

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.

Mr Fotios is currently Executive Director of Redbank Copper Limited (from September 2012) and Non-Executive Director of Swan Gold Mining Limited (from September 2012), General Mining Corporation Limited (from June 2012), Horseshoe Metals Limited (from May 2012) and Pegasus Metals Limited (from December 2009). Mr Fotios was previously a director of Stirling Resources Limited (from September 2012 to November 2012).

Mr Fotios is a member of the Nomination and Remuneration Committees.

Mr O'Connor has extensive global experience in the funds management industry, both in public and private companies in developed and emerging economies. He was co-founder, director and deputy chairman of IMS Selection Management Ltd which had \$10 billion under management or advice from 1998-2008. Following the sale of IMS to BNP Paribas in 2008, he was deputy chairman of FundQuest UK Ltd with \$35 billion of assets under management from 2008-2010.

Mr O'Connor was previously a Director and Chairman of ASX listed Brazilian Metals Group Limited (from May 2011 to October 2012), LSE listed Advance Developing Markets Fund (from October 1998 to April 2012) and TSX listed NEO Material Technologies Inc (from December 1993 to June 2012).

Mr O'Connor is a member of the Audit, Nomination and Remuneration Committees.

Mr John Fitzgerald has over 25 years resource financing experience and has provided project finance and corporate advisory services to a large number of companies in the resource sector.

Mr Fitzgerald is the Managing Director of Optimum Capital Pty Ltd, a corporate advisory business focussed on the mining sector. He has previously held senior positions at NM Rothschild & Sons, Investec Bank Australia, Commonwealth Bank and HSBC Precious Metals. Mr Fitzgerald is a Chartered Accountant, a Fellow of the Financial Services Institute of Australasia and a graduate member of the Australian Institute of Company Directors.

Mr Fitzgerald is a Non-Executive Director of Mungana Goldmines Limited (from June 2009) and was previously Chairman of Integra Mining Limited.

Mr Fitzgerald is the Chair of the Audit Committee (from 30 November 2012) and a member of the Nomination and Remuneration Committees (from 30 November 2012).

**Peter C P Farris**

Diploma Business Perth Tech, Diploma Business RMIT, MAICD  
Non-Executive Director

Appointed: 22 April 2009  
Ceased: 30 November 2012

Mr Farris is a highly credentialed businessman in the Perth real estate industry and corporate advisory services.

Mr Farris did not stand for re-election as a Director at the Annual General Meeting on 30 November 2012.

## COMPANY SECRETARY

**Liza Carpene**

MBA, ACSA, ACIS, GAICD

Appointed: 15 April 2013

Ms Carpene has worked in the mining industry for more than 17 years and has significant experience in corporate administration, human resources, IT and community relations. Most recently, Ms Carpene was Company Secretary/CFO for listed explorer Venturex Resources Limited and previously held various site and Perth based management roles with Great Central Mines, Normandy Mining, Newmont Australia, Agincourt Resources and Oxiana.

**Karen V E Brown**

BEC(Hons)

Appointed: 23 May 2000  
Resigned: 15 April 2013

Miss Brown is an Honours Degree graduate in economics from the University of Western Australia. Miss Brown has considerable experience in corporate administration of public listed companies over a period spanning 25+ years, primarily in the resources sector and is currently the company secretary for Excelsior Gold Limited and a joint company secretary for Alkane Resources Ltd and General Mining Corporation Limited.

## DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each Director in the capacity of a Director of the Company from the beginning to the end of the period are:

Director	MEETINGS OF COMMITTEES							
	DIRECTORS' MEETINGS		AUDIT		REMUNERATION		NOMINATION	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Christopher Rowe	11	11	2	2	4	4	1	1
Bill Beament	11	11	*	*	*	*	1	1
John Fitzgerald	7	7	1	1	3	3	**	**
Michael Fotios	10	11	*	*	4	4	1	1
Peter O'Connor	10	11	2	2	4	4	1	1
Peter Farris	4	4	1	1	1	1	1	1

\* Not a member of the relevant committee

\*\* Not a Director at that time

## CORPORATE STRUCTURE

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

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

## PRINCIPAL ACTIVITIES

The principal activities of the Group are:

- mining of gold deposits at Paulsens,
- construction and development of extensions to existing gold mining operations at Paulsens Gold Mine, and
- exploration and development of gold deposits in the Ashburton region of Western Australia.

The entity's operations are discussed in the Review of Operations section at the front of this report.

## EARNINGS PER SHARES

Basic Earnings per Share was 6.7 cents (2012: 6.1 cents).

## DIVIDENDS

Dividends paid to Members during the 2013 financial year were as follows:

Dividend Rate	Record Date	Payment Date	Franking
2.5 cents per share	5 September 2012	12 September 2012	100% franked
1.0 cent per share	14 March 2013	4 April 2013	100% franked

After the balance date, the following dividend was proposed by the Directors:

Dividend Rate	Record Date	Expected Payment Date	Franking
2.5 cent per share	16 August 2013	27 September 2013	100% franked

The financial effect of this dividend has not been brought to account in the financial statement for the period ended 30 June 2013, and will be recognised in subsequent financial reports.

## FINANCIAL POSITION

The profit of the Group for the financial year, after providing for income tax, amounted to \$28.3 million (June 2012: \$22 million). At the end of the financial year, the Group had \$55 million in cash (June 2012: \$65 million) and \$3 million in gold bullion (June 2012: \$10 million). The positive cash flow generated through operating activities was reinvested in growth projects and used to pay dividends to Shareholders. A summary of major expenditure included:

- acceleration of exploration to increase the resource inventory (\$15 million),
- increasing the processing plant capacity from 350,000 tonnes per annum to 450,000 tonnes per annum (\$6.7 million)
- constructing a paste plant to expand the underground operations (\$8.2 million),
- paying a fully franked maiden dividend of 2.5 cents per share (\$10.6 million), and
- paying a fully franked interim dividend of 1 cent per share (\$4.2 million).

The gold bullion mentioned above is the market value based on 2,214 ounces of gold which was sold at A\$1,372 per ounce.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity that occurred during the 2013 financial year not otherwise disclosed in this Directors' Report or the financial statements.

## SUBSEQUENT EVENTS

Subsequent to the period end, the Company announced:

- a final dividend of 2.5 cents per share to Shareholders on the record date of 16 August 2013, payable on 27 September 2013; and
- an updated Resources Statement effective as at 30 June 2013 (refer Table 1 on page 5).

There are no other matters or circumstances that have arisen since 30 June 2013 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

## 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 2013.

## 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 Section 205G(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	3,986,195	-	-	-
Bill Beament	12,314,735	2,000,000	\$0.91	Unlisted Options Expiring 28/06/14
John Fitzgerald	-	-	-	-
Michael Fotios	28,192,474	-	-	-
Peter O'Connor	200,000	750,000	\$0.91	Unlisted Options Expiring 28/06/14

Note: Details of relevant interest of each Director are outlined at Note 23 to the financial statements.

## SHARE OPTIONS

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

	NUMBER	EXERCISE PRICE	EXPIRY DATE
Employee Options	333,334	\$1.20	Expiring on 27 Feb 2014
Employee Options	333,333	\$1.50	Expiring on 27 Feb 2015
Employee Options	333,333	\$1.81	Expiring on 27 Feb 2016
Employee Options	2,000,000	\$0.91	Expiring on 28 June 2014
Employee Options	750,000	\$0.91	Expiring on 28 June 2014
Employee Options	250,000	\$1.05	Expiring on 27 Aug 2014
Employee Options	250,000	\$1.22	Expiring on 27 Aug 2015
Employee Options	125,000	\$1.05	Expiring on 1 Nov 2014
Employee Options	125,000	\$1.22	Expiring on 1 Nov 2015
Employee Options	250,000	\$0.95	Expiring on 15 Apr 2015
Employee Options	250,000	\$1.05	Expiring on 15 Apr 2016

## REMUNERATION REPORT (AUDITED)

### A. Introduction

This report details the nature and amount of remuneration for each Director and Executive of Northern Star Resources Limited. 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 (KMP) 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. Northern Star's KMP are defined as: Directors, Chief Financial Officer and Company Secretary.

For the purposes of this report the term "Executive" includes the Managing Director, the Chief Financial Officer and the Company Secretary.

Details of KMP during the Year:

NON-EXECUTIVE DIRECTORS	
Christopher Rowe	Non-Executive Chairman
Michael Fotios	Non-Executive Director
Peter O'Connor	Non-Executive Director
John Fitzgerald	Non-Executive Director (appointed 30 November 2012)
Peter Farris	Non-Executive Director (did not stand for re-election 30 November 2012)
EXECUTIVE	
Bill Beament	Managing Director
Raymond Parry	Chief Financial Officer
Liza Carpena	Company Secretary (appointed 15 April 2013)
Karen Brown	Company Secretary (resigned 15 April 2013)

### B. Remuneration Governance

#### Board Oversight

The Board is responsible for ensuring that the Group's remuneration structures are aligned with the long-term interests of the Company and its Shareholders. Accordingly, the Board has an established Remuneration Committee to assist it in making decisions in relation to KMP remuneration.

#### Remuneration Committee

The Remuneration Committee currently comprises all Non-Executive Directors. Between 1 July 2012 and 30 November 2012, this included two independent Non-Executive Directors and two non-independent Non-Executive Directors. From 30 November 2012 and until the end of the period, the Remuneration Committee comprised of three independent Non-Executive Directors and one non-independent Non-Executive Director.

In order to ensure that this Committee is fully informed when making remuneration recommendations, the Committee receives reports from Management, independent sources, empirical market data and may draw on services from a range of other external sources if required.

The Remuneration Committee is responsible for reviewing and recommending to the Board:

- the Company's Remuneration Policy and framework (including determining short term incentives (STIs) and long term incentives (LTIs) key performance indicators and hurdles, and vesting of STIs/LTIs),
- senior executives' remuneration and incentives (including KMP and other senior executives),
- superannuation arrangements, and
- remuneration by gender.

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 2013 year included a review of the performance and remuneration of all personnel including the KMP. The Committee reviewed industry data from the April 2012 Australasian Gold & General Mining Industry Remuneration

Report by McDonald & Company (Australasia) Pty Ltd. In addition, the Managing Director presented the performance reviews undertaken on KMP and other senior executives to the Remuneration Committee.

## Use of Remuneration Consultants

The Remuneration Committee consulted with PriceWaterhouseCoopers during the period to provide remuneration information, including assistance in developing an LTI plan and providing market information for remuneration and remuneration mix.

During the year ended 30 June 2013 no remuneration recommendations, as defined by the Corporations Act, were provided by PriceWaterhouseCoopers.

## Company's 2012 Annual General Meeting Feedback

Following the 2012 Annual General Meeting, the Board has addressed a number of concerns raised by Shareholders in relation to its 2012 Remuneration Report, including:

- the Company has altered its position with regard to granting share options or performance rights to Non-Executive Directors which was undertaken in the past to attract high calibre Directors and to encourage share ownership for newly appointed Non-Executive Directors,
- Executive management will no longer be eligible to receive performance rights which vest immediately, or are based solely on continued service,
- Northern Star is revising its remuneration framework and is in the process of finalising a new LTI program to apply to the 2014 period, and
- the Board of Directors has now been structured so that it is comprised of a majority of independent Non-Executive Directors, with three out of five Directors now being independent Non-Executive Directors.

## C. 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 succeed and endure, 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:

- provides for competitive rewards to attract and retain high calibre Executives;
- aligns the incentives of Executives with the long-term interests of Company Shareholders by linking rewards to Shareholder value; and
- establishes appropriate key performance indicators and hurdles in relation to variable Executive remuneration.

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

The Board's objective is 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.

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 a Director's retirement or termination.

The amount of aggregate remuneration sought to be approved by Shareholders and the manner in which it is apportioned amongst Non-Executive Directors is reviewed annually at the discretion of the Board. When undertaking the annual review process, the Board considers the amount of Non-Executive Director fees being paid by comparable companies within the S&P ASX 200 & S&P ASX 300 with similar market capitalisation, responsibilities and experience of the Non-Executive Directors.

### Executive Director and Senior Executive Remuneration

The Board's objective is to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

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

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 reviewing industry salary surveys, sourcing empirical market data and other evaluation methods during the recruitment process. Target positioning of total remuneration against market is between the 50th and 75th percentile. 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 mix of:

- fixed remuneration; and
- “at risk” variable remuneration, comprising STIs and LTIs.

REMUNERATION COMPONENT	CONSISTS OF	OBJECTIVE	LINK TO PERFORMANCE 2013
Fixed Remuneration	Base salary / consulting fees, superannuation and other non-cash benefits	<ul style="list-style-type: none"> <li>▪ To provide a base level of remuneration which is both appropriate to the position and is competitive in the market.</li> </ul>	Annual performance of company and individual performance.
Short-term Incentives (STI)	Cash payments	<ul style="list-style-type: none"> <li>▪ To provide an “at risk” incentive to reward Executives in a manner which aligns this element of remuneration with the creation of Shareholder wealth through the achievement of annual performance measures.</li> <li>▪ To provide a market competitive STI opportunity.</li> </ul>	<p>Specific Company Key Performance Indicators (KPIs) were set in the following performance areas: safety, financial / production, reserves / resources and share price appreciation.</p> <p>Individual KPIs also included performance in corporate matters, including investor relations and corporate strategy.</p>
Long Term Incentives (LTI)	Performance rights / Share options / Share loans	<ul style="list-style-type: none"> <li>▪ To provide an “at risk” grant to incentivise and motivate Executives to pursue the long term growth and success of the Company.</li> <li>▪ To provide a market competitive LTI opportunity.</li> <li>▪ To support retention of Executives and key personnel.</li> </ul>	<p>The focus was on performance and growth, both of the share price and company projects.</p> <p>A new LTI plan for the 2014 period is currently being developed and is being designed to incorporate performance hurdles relating to:</p> <ul style="list-style-type: none"> <li>▪ Relative Total Shareholder Return; and</li> <li>▪ internal milestone targets with appropriate vesting conditions.</li> </ul>

## D. Non-Executive Director Remuneration

### 2013 Remuneration of Non-Executive Directors

Aggregate remuneration payable to all Non-Executive Directors, as approved by Shareholders, is not to exceed \$500,000 per annum. Directors' fees cover all regular Board activities and membership of Committees. Historically, Non-Executive Directors were also provided with share options upon joining the Northern Star Board. Prior to Northern Star discontinuing this practice, 750,000 share options were granted and vested to Mr O'Connor following Shareholder approval on 30 November 2012. These options expire on 28 June 2014 and have an exercise price of 91 cents.

For the 2013 period, the Non-Executive Directors were paid base fees associated with their duties as Directors and membership of Board Committees. The policy for Non-Executive Director base fees is \$135,000 per annum for the Non-Executive Chairman and \$85,000 per annum for other Non-Executive Directors, inclusive of a 10% superannuation contribution. The Chair of the Audit Committee receives an additional \$25,000 per annum in recognition of the additional level of commitment and responsibility. Refer to the following table for amounts paid for the period.

## Total Non-Executive Director Remuneration - 2013

Total remuneration paid or payable to Non-Executive Directors for the period ended 30 June 2013 was:

	Year	SALARY / CONSULTING FEES	STI CASH PAYMENT <sup>A</sup>	SUPER	OPTIONS	TOTAL	REMUNERATION CONSISTING OF OPTIONS DURING THE YEAR
		\$	\$	\$	\$	\$	%
<b>Directors</b>							
Christopher Rowe	2013	126,250	-	-	-	126,250	0.0%
	2012	109,638	-	-	1,537	111,175	1.4%
Michael Fotios	2013	77,500	-	-	-	77,500	0.0%
	2012	53,333	-	-	15,373	68,706	22.4%
Peter O'Connor	2013	85,710	-	-	162,071	247,781	65.4%
	2012	7,671	-	-	-	7,671	0.0%
John Fitzgerald	2013	57,197	-	5,530	-	62,727	0.0%
Peter Farris	2013	29,164	-	-	-	29,164	0.0%
	2012	56,329	-	-	2,335	58,664	4.0%

## Non-Executive Directors – Current Remuneration

NAME	BASE SALARY (at 30/6/13)	TERMINATION BENEFIT
Christopher Rowe	\$135,000	None
Michael Fotios	\$85,000	None
Peter O'Connor	\$85,000	None
John D Fitzgerald	\$110,000	None

## **E. Executive Remuneration**

### **2013 Executive Remuneration**

Remuneration for the 2013 period consisted of a mix of:

- fixed remuneration
- variable remuneration, comprising STIs and LTIs\*.

\*In the 2013 period, only one LTI allocation was made to an Executive, being Liza Carpeno who joined the Company on 15 April 2013.

### Fixed Remuneration

In December 2012, the Board approved salary increases for Executives with an effective date 1 July 2012. These increases were approved after considering performance reviews and industry data from the April 2012 Australasian Gold & General Mining Industry Remuneration Report by McDonald & Company (Australasia) Pty Ltd. The McDonald report is based on data collected from 164 organisations in a survey group representing gold and other mining companies. This comparator group reflects the key talent market for Northern Star and therefore competitiveness against this group is required to attract and retain key talent. Fixed remuneration is targeted between the 50th and 75th percentile of the market comparator group, with consideration of individual performance reviews determining final remuneration. The remuneration for Messrs Beament and Parry was adjusted to bring their fixed remuneration comparable to the median for their equivalent roles based on this industry data.





NAME	POSITION	BASE SALARY INCREASE (%) FOR 2012/2013	BASE SALARY (at 30/6/13)
Bill Beament	Managing Director	7.0%	495,000
Raymond Parry	Chief Financial Officer	13.8%	287,000
Liza Carpene	Company Secretary (Appointed 15 April 2013)	N/A	227,273
Karen Brown	Company Secretary (Resigned 15 April 2013)	N/A	33,000

### Variable Remuneration – STIs

STIs paid in the 2013 financial year were for the performance by eligible Executives in the 2012 period. The overall target STI amount available for 2012 was up to 50% of Total Fixed Remuneration (TFR) for each Executive. The STI was made up of a site performance measure and growth bonus of up to 35% (see below table) and an additional bonus of 15% of TFR should ounces produced exceed budget by greater than 10% and the market capitalisation of Northern Star increased by greater than 50% for the financial year period. The Board, however, retained absolute discretion to increase the STI to reward exceptional performance, and to reduce the award depending on the Company's performance.

KPIs (corporate and individual) for the 2012 financial year were:

KEY PERFORMANCE INDICATORS	MEASURE
Safety Metrics	To ensure a safe working environment in terms of Loss Time Injuries and Total Recordable Injuries
Production Budget	Attainment of tonnes, grade and ounces for the financial year budget
Production Growth	Grow production profile to 400ktpa
Reserve and Resource Metrics	Increase reserves to 150koz and resources to 1.0moz
Business Development	Confidential KPI
Share Price Metrics	Share price increase by 25% over the financial year

The Remuneration Committee met in September 2012 to discuss the performance reviews of the KMPs and in response to KPIs achieved, awarded an STI payment of 30.05% based on the KMP's TFR.

As a result, STI payments for Executive KMP were recommended as follows:

NAME	POSITION	STI PAYMENT FOR YEAR ENDED 30 JUNE 2013
Bill Beament	Managing Director	150,223
Raymond Parry	Chief Financial Officer	90,134
Liza Carpene	Company Secretary (Appointed 15 April 2013)	N/A
Karen Brown	Company Secretary (Resigned 15 April 2013)	N/A

The KPIs for 2013 financial year are of a similar structure to the 2012 financial year, and are currently being evaluated.

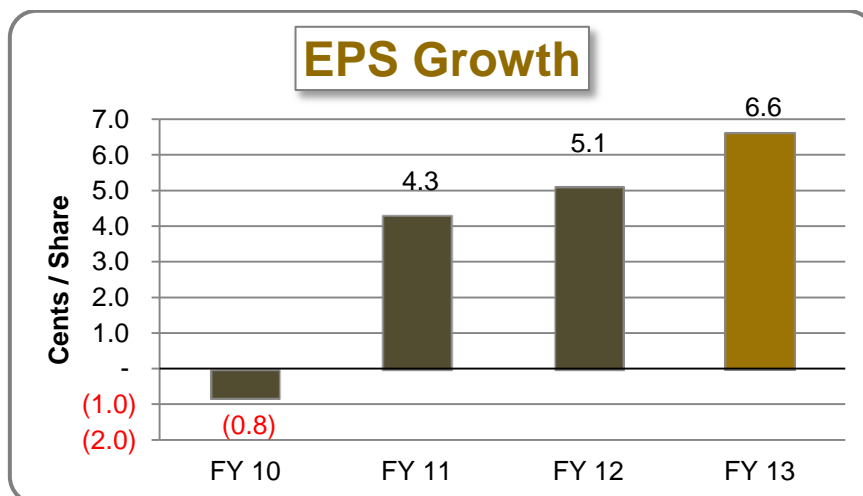
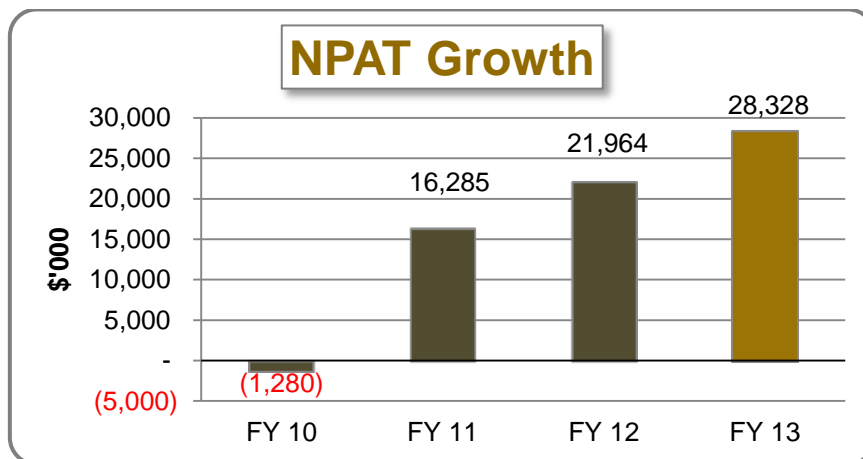
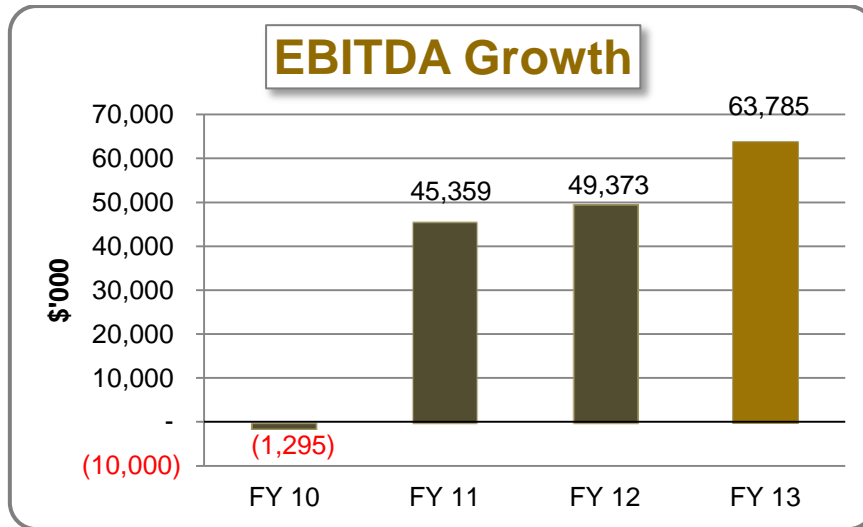
### Variable Remuneration – LTIs

During the 2013 financial year, only one new LTI allocation was made to Executive staff which was to the incoming Company Secretary (Liza Carpene) who joined the Company on 15 April 2013.

The Board, at its discretion, elected to vest Executive and Management options in the first half of the 2013 financial year in advance of vesting dates in recognition of superior personal and Company performance since acquiring the Paulsens Gold Mine in 2010. This resulted in incentive options being converted to ordinary shares. Refer Note 23 of the Notes to the Financial Statements.

### Company Performance & Remuneration

The Company earnings (EBITDA), profit (NPAT) and earnings per share (EPS), shown in the following graphs, reflect Company performance during the previous four financial years, including the current year ended 30 June 2013.



## Total Remuneration - 2013

Total remuneration paid or payable to KMP for the year ended 30 June 2013 was:

EXECUTIVE	Year	SALARY / CONSULTING FEES	OTHER BENEFITS (1)	STI CASH PAYMENT <sup>^</sup>	SUPER	OPTIONS	TOTAL	REMUNERATION CONSISTING OF OPTIONS DURING THE YEAR
		\$	\$	\$	\$	\$	\$	%
<b>Executive Directors</b>								
Bill Beament	2013	493,939	19,961	150,223	27,121	257,457	948,701	27.7%
	2012	460,855	27,417	129,867	24,979	6,045	649,163	1.0%
<b>Other Executives</b>								
Raymond Parry	2013	287,000	2,071	90,134	25,000	14,553	418,758	3.5%
	2012	252,273	1,926	57,732	29,091	26,413	367,435	7.2%
Liza Carpane*	2013	48,369*	357	-	4,837	10,973	64,536	17.1%
Karen Brown**	2013	26,033**	-	-	-	-	26,033	0.0%
	2012	33,000	-	-	-	274	33,274	0.8%

\* Appointed 15 April 2013

\*\* Resigned 15 April 2013

(1) Other Benefits include: vehicle allowance, telephone allowance, salary continuance insurance and professional membership fees.

## Executive Contracts

EXECUTIVE	TERM OF AGREEMENT	BASE SALARY (at 30/6/13)	TERMINATION NOTICE	TERMINATION BENEFIT
<b>Executive Directors</b>				
Bill Beament	Commencing 30 July 2010 – open ended	495,000	3 Months	12 Months
<b>Other Executives</b>				
Raymond Parry	Commencing 4 October 2010 – open ended	287,000	1 Month	None
Liza Carpane*	Commencing 15 April 2013 – open ended	227,273	1 Month	None***
Karen Brown**	Terminated 15 April 2013	\$33,000	1 Month	None

\* Appointed 15 April 2013

\*\* Resigned 15 April 2013

\*\*\* If terminated before 15 October 2013, a payment of three months' salary is applicable.

## F. Share-Based Compensation

The following options were granted as equity compensation benefits to KMP during the period. 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.

NAME	NUMBER	EXERCISE PRICE	ISSUE DATE	EXPIRY DATE
Peter O'Connor	750,000	\$0.91	30 November 2012	28 June 2014
Liza Carpane	250,000	\$0.95	15 April 2013	15 April 2015
Liza Carpane	250,000	\$1.05	15 April 2013	15 April 2016

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.

< 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 Directors and Officers in their capacity as officers of entities in the Group.

## AUDITOR INDEPENDENCE

The Auditor's independence declaration for year ended 30 June 2013 under Section 307C of the Corporations Act 2001 has been received and can be found on the next page.

## 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) as permitted 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**  
**Managing Director**

Perth, Western Australia

2 August 2013

## *R*OTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Busienss Centre WA 6849  
Phone (08) 9486 7094 www.rothsayresources.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 2013 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham R Swan (Lead auditor)

Rothsay Chartered Accountants

Dated *2nd* August 2013



Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

# INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	NOTES	GROUP	
		30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
Revenue from operations	2 (a)	144,236	99,525
Mine operating costs	3 (a)	(60,960)	(42,542)
<b>Gross profit</b>		<b>83,276</b>	<b>56,983</b>
Other revenue	2 (b)	2,253	2,567
Government Royalty expense		(3,353)	(2,570)
Depreciation and amortisation		(26,225)	(17,400)
Administration expenses		(6,790)	(5,477)
Exploration expenses		(5,854)	(2,060)
Net loss on financial assets held at fair value through profit or loss		(5,747)	(70)
Finance costs		(783)	(529)
<b>Profit before Income Tax</b>		<b>36,777</b>	<b>31,444</b>
Income tax expense	5	(8,449)	(9,481)
<b>Profit for the Period</b>		<b>28,328</b>	<b>21,964</b>
Other comprehensive income		-	-
<b>Total Comprehensive Income for the Period</b>		<b>28,328</b>	<b>21,964</b>
<b>Total Comprehensive Income Attributed to:</b>			
<b>Owners of the Company</b>		<b>28,328</b>	<b>21,964</b>
		<b>CENTS PER SHARES</b>	<b>CENTS PER SHARES</b>
<b>Earnings Per Share</b>			
Basic earnings/(loss) per share (cents per share)	4	6.7	6.1
Diluted earnings/(loss) per share (cents per share)	4	6.6	5.1

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013	NOTES	GROUP	
		30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7 (a)	55,775	64,962
Trade and other receivables	8	1,713	1,817
Inventory	9	12,405	9,077
Other current assets	10	4	162
<b>Total Current Assets</b>		<b>69,897</b>	<b>76,018</b>
<b>Non-Current Assets</b>			
Investments	11	2,224	6,653
Property, plant & equipment	12	42,876	19,883
Exploration tenements	13	30,462	24,785
Mine Development	14	8,813	5,654
Deferred tax assets	6 (a)	3,077	1,013
<b>Total Non-Current Assets</b>		<b>87,452</b>	<b>57,988</b>
<b>TOTAL ASSETS</b>		<b>157,349</b>	<b>134,007</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	15	14,449	14,967
Financial Liabilities	16 (a)	6,163	4,708
Provisions	17 (a)	1,297	986
Current tax liabilities	6 (c)	4,620	3,633
Other liabilities	15	610	(9)
<b>Total Current Liabilities</b>		<b>27,139</b>	<b>24,285</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities	16 (b)	5,069	4,719
Provisions	17 (b)	2,902	2,827
Deferred tax liabilities	6 (b)	11,904	7,668
<b>Total Non-Current Liabilities</b>		<b>19,875</b>	<b>15,213</b>
<b>TOTAL LIABILITIES</b>		<b>47,014</b>	<b>39,499</b>
<b>NET ASSETS</b>		<b>110,335</b>	<b>94,508</b>
<b>EQUITY</b>			
Contributed equity	18	66,765	64,613
Reserves	19	691	503
Retained earnings		42,879	29,393
<b>TOTAL EQUITY</b>		<b>110,335</b>	<b>94,508</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS



NORTHERN STAR  
RESOURCES LIMITED

AS AT 30 JUNE 2013	GROUP		
	NOTES	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
<b>Cash Flows From Operating Activities</b>			
Receipts from customers (inclusive of GST)		144,375	99,844
Payments to suppliers and employees (inclusive of GST)		(74,590)	(47,435)
Interest received		2,147	2,098
Finance costs		(750)	(521)
Net Income taxes paid		(5,290)	(2,924)
<b>Net Cash From Operating Activities</b>	7 (b)	<b>65,892</b>	<b>51,062</b>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant & equipment		(30,363)	(9,408)
Payments for equity investments		(1,318)	(6,523)
Proceeds from sale of property, plant and equipment		8	23
Payments for development of mining properties		(16,649)	(21,587)
Exploration and evaluation expenditure		(15,229)	(16,508)
<b>Net Cash Used In Investing Activities</b>		<b>(63,551)</b>	<b>(54,004)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issue of shares and conversion of options		1,368	48,244
Payments for dividends		(14,842)	-
Payments for share issue costs		-	(2,250)
Proceeds from financing facility		8,556	7,989
Repayment of financing facility		(6,610)	(2,652)
<b>Net Cash From Financing Activities</b>		<b>(11,528)</b>	<b>51,331</b>
<b>Net Decrease In Cash And Cash Equivalents Held</b>		<b>(9,187)</b>	<b>48,388</b>
Cash and Cash Equivalents at 1 July		64,962	16,574
<b>Cash And Cash Equivalents at 30 June</b>	7 (a)	<b>55,775</b>	<b>64,962</b>

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
<b>Balance at 1 July 2011</b>		<b>18,306</b>	<b>392</b>	<b>7,429</b>	<b>26,127</b>
Equity issues net of transaction costs		-	-	-	-
Equity issues – Treasury Shares		51,031	-	-	51,031
Share based payments	3 (b)	(5,038)	-	-	(5,038)
Transfer from option reserve		64	360	-	424
Total comprehensive income for the period		249	(249)	-	-
		-	-	21,964	21,964
<b>Balance at 30 June 2012</b>		<b>64,613</b>	<b>503</b>	<b>29,393</b>	<b>94,508</b>
Equity issues net of transaction costs		1,368	-	-	1,368
Equity issues – Treasury Shares		-	-	-	-
Share based payments	3 (b)	71	901	-	972
Transfer from option reserve		713	(713)	-	-
Dividend Paid		-	-	(14,842)	(14,842)
Total comprehensive income for the period		-	-	28,328	28,328
<b>Balance at 30 June 2013</b>		<b>66,765</b>	<b>691</b>	<b>42,879</b>	<b>110,335</b>

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 with the exception of derivative financial instruments and investments which have been measured at fair value.

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

#### *Early adoption of accounting standards*

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

#### *New and amended standards adopted by the Group*

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Group's assessment of the impact of these new standards and interpretations that may have an impact on the Group is set out below:

- AASB 9 Financial Instruments (effective from 1 January 2015)  
AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. There is no material impact for Northern Star.
- AASB 10 Consolidated Financial Statements (effective from 1 January 2013)  
This standard will have no impact on Northern Star as the group has no special purpose entities.
- AASB 11 Joint Arrangements (effective from 1 January 2013)  
AASB 11 clarifies the accounting treatments for joint arrangements. There is no material impact for Northern Star.
- AASB 12 Disclosure of Interests in Other Entities (effective from 1 January 2013) AASB 12 is a disclosure standard only which may require additional disclosures for interests in other entities, including joint arrangements.
- AASB 13 Fair Value Measurement (effective from 1 January 2013)  
AASB 13 establishes a single framework for measuring fair value of financial and non-financial items. Northern Star has not yet made an assessment of the impact of these amendments.
- AASB 2011-9 Presentation of Items of Other Comprehensive Income (effective from 1 July 2012) When this standard was first adopted for the year ended 30 June 2013, there was no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items. Impact is disclosure only.
- AASB 119 Employee Benefits (effective from 1 January 2013)  
AASB 119 includes amendments to the timing for recognition of liabilities for termination benefits. Northern Star currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement. Northern Star has not yet made an assessment of the impact of these amendments.
- IAS 16 Property, Plant and Equipment (effective from 1 January 2013)  
IAS 16 requires that items such as spare parts, stand-by or servicing equipment be classified as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise they are required to be classified as inventory. Northern Star will need to assess its inventory and reclassify relevant items, such as capital spares as plant and equipment. Cash outflows for relevant items will also be classified as investing activities rather than operating activities. Northern Star has not yet determined the quantum of the reclassifications.

## *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.

#### *Fair value of derivative financial instruments*

The Group assesses the fair value of its financial derivatives in accordance with the accounting policy stated in Note 1(v). Fair values have been determined based on well established valuation models and market conditions existing at the reporting date. These calculations require the use of estimates and assumptions. Changes in assumptions concerning gold prices and volatilities could have significant impact on the fair valuation attributed to the Group's financial derivatives. When these assumptions change or become known in the future, such differences will impact asset and liability carrying values in the period in which they change or become known.

The Company does not have any hedging in place at the end of the financial period.

#### *(iv) Summary of Significant Accounting Policies*

##### *Basis of consolidation*

The consolidated financial statements include the financial statements of Northern Star Resources Limited ("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 financial decision maker. The chief financial 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.

##### *Derivatives*

The Group periodically participates in derivative financial instruments such as gold options and gold forward contracts to manage the risks associated with commodity price fluctuations.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value. Changes in the fair value of derivatives are recorded in the statement of comprehensive income.

The fair value of derivative financial instruments that are traded on an active market is based on quoted market prices at the statement of financial position date. The fair value of financial instruments not traded on an active market is determined using appropriate valuation techniques. Refer to Note 27 for Financial Risk Management.

#### *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 at each 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.

Share-based payments – options and performance rights with an exercise price:

The fair value of these payments 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.

Share-based payments – Employee Shares.

The fair value of these payments is determined based on the share price at the date the rights have been accepted by employees.

#### *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 Limited 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 Limited 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 Limited 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

	<b>GROUP</b>	
	<b>30 JUNE 2013</b>	<b>30 JUNE 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Revenue from operations</b>		
Sale of gold	144,057	99,370
Sale of silver	179	155
	<b>144,236</b>	<b>99,525</b>
<b>(b) Other revenue</b>		
Interest revenue	2,200	2,098
Other	53	469
	<b>2,253</b>	<b>2,567</b>
<b>Total Revenue</b>	<b>146,489</b>	<b>102,092</b>



## 3. EXPENSES

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
<b>(a) Mine operating costs</b>		
Mining Expenses	32,575	20,005
Processing Expenses	19,311	14,422
Admin Expenses	9,073	8,114
	<b>60,960</b>	<b>42,542</b>
<b>(b) Operating costs</b>		
Government Royalty expense	3,353	2,570
Depreciation	7,486	5,584
Amortisation	18,740	11,816
Administration expenses	5,818	5,053
Administration – Shares based payments	972	424
Exploration expenses	5,854	2,060
Net loss on financial assets held at fair value through profit or loss	5,747	70
Finance costs	783	529
	<b>48,753</b>	<b>28,106</b>
<b>Total Expenses</b>	<b>109,713</b>	<b>70,647</b>

## 4. EARNINGS PER SHARE

	GROUP	
	30 JUNE 2013	30 JUNE 2012
Basic profit/(loss) per share (cents)	6.7	6.1
Diluted profit/(loss) per share (cents)	6.6	5.1
Profit/(loss) used to calculate earnings per share (\$'000)	28,328	21,964
Weighted average number of ordinary shares during the period used in calculation of basic profit/(loss) per share	421,050,679	360,654,100
Weighted average number of ordinary shares during the period used in calculation of diluted profit/(loss) per share	429,279,762	430,016,079

## 5. INCOME TAX

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
<b>(a) Income tax expense</b>		
Current tax	10,179	9,549
Adjustment for current tax of prior periods	(1,730)	(68)
<b>Income tax expense</b>	<b>8,449</b>	<b>9,481</b>
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
<b>Profit (Loss) before income tax</b>	<b>36,777</b>	<b>31,444</b>
Tax at the Australian tax rate of 30%	11,033	9,433
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
Share-based payments	292	127
Tax offset - Research and Development	(298)	
Employee share trust	(767)	
Sundry items	(81)	(12)
	10,179	9,549
Adjustments for current tax of prior periods	(1,730)	(68)
	<b>8,449</b>	<b>9,481</b>

## 6. NET DEFERRED TAX ASSET/(LIABILITY)

(a) Deferred tax assets	Investments \$'000	Employee Benefits \$'000	Other \$'000	Total \$'000
<b>At 1 July 2011</b>	-	206	522	728
(Charged)/credited to Profit or loss	-	102	183	285
<b>As at 30 June 2012</b>	-	308	705	1,013
(Charged)/credited to Profit or loss	1,724	116	224	2,064
<b>As at 30 June 2013</b>	<b>1,724</b>	<b>424</b>	<b>929</b>	<b>3,077</b>

*The balance comprises temporary differences attributable to:*

Employee benefits	424
Investments	1,724
Sundry accruals	929
<b>As at 30 June 2013</b>	<b>3,077</b>

## 6. NET DEFERRED TAX ASSET/(LIABILITY) (continued)

### (b) Deferred tax liabilities

	Prepayments \$'000	Inventories \$'000	Total \$'000
At 1 July 2011	(1,191)	(275)	(1,466)
(Charged)/credited to Profit or loss	(6,105)	(96)	(6,201)
<b>As at 30 June 2012</b>	<b>(7,296)</b>	<b>(371)</b>	<b>(7,667)</b>
(Charged)/credited to Profit or loss	(4,101)	(135)	(4,236)
<b>As at 30 June 2013</b>	<b>(11,397)</b>	<b>(506)</b>	<b>(11,904)</b>

The balance comprises temporary differences attributable to:

Prepayments	(11,397)
Inventories	(506)
<b>As at 30 June 2013</b>	<b>(11,904)</b>

### (c) Income tax liability

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
Opening Balance	3,633	2,992
Tax paid	(8,321)	(2,924)
Current Tax	10,179	9,549
Adjustments for current tax of prior periods	1,301	(68)
Current charges deferred tax assets	(2,172)	(5,915)
<b>Total income tax liability</b>	<b>4,620</b>	<b>3,633</b>

The Deferred Tax Asset 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 Limited 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 Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entity will fully compensate Northern Star Resources Limited for any current tax payable assumed and are to be compensated by Northern Star Resources Limited 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 Limited 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 2013 \$'000	30 JUNE 2012 \$'000
<b>(a) Cash and Cash Equivalents</b>		
Cash at bank	19,163	18,340
Cash on Deposit	36,612	46,622
<b>Total Cash and Cash Equivalents</b>	<b>55,775</b>	<b>64,962</b>

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.

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

<b>Profit/(Loss) after income tax for the year</b>	<b>28,328</b>	<b>21,964</b>
Non-Cash Items:	-	-
Depreciation and amortisation	26,233	17,477
Acquisition Royalty Payments	-	-
Net (gain)/loss on sale of non-current assets	(8)	(23)
Net (gain)/loss on sale of Exploration Tenements	-	553
Interest Income	(53)	0
Share-based payments	972	424
Movements in Provisions	6,133	428
Exploration expenditure written off	4,303	-
(Increase)/Decrease in Assets:		
Trade and other receivables	53	(141)
Inventories	(3,328)	(4,266)
Deferred taxes	(2,064)	(285)
Prepaid expenses	158	492
Increase/(Decrease) in Liabilities:		
Trade and other payables	(58)	7,597
Deferred taxes	4,236	6,201
Provisions	987	642
<b>Net Cash From Operating Activities</b>	<b>65,892</b>	<b>51,062</b>

## 8. TRADE AND OTHER RECEIVABLES

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
<b>Amounts receivable from:</b>		
Trade Debtors	107	122
Sundry debtors	40	-
Goods and services tax recoverable	906	1,338
Fuel Rebates	195	354
Other receivables	465	3
<b>Total Trade and other receivables</b>	<b>1,713</b>	<b>1,817</b>

### 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 Limited 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 2013 \$'000	30 JUNE 2012 \$'000
Consumables and spares	1,688	1,236
Ore Stockpiles	5,680	2,355
Gold In Circuit	5,037	5,486
<b>Total Inventory</b>	<b>12,405</b>	<b>9,077</b>

## 10. OTHER CURRENT ASSETS

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
Prepayments	4	162

## 11. INVESTMENTS

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
Investment in listed entities – at fair value	2,224	6,653
<b>2012 Reconciliation of Other Financial Assets</b>		
Balance bought forward	6,653	
Shares acquired for cash	1,318	6,523
Shares and options acquired under tenement sale agreement	-	200
Fair value loss at year end	(5,747)	(70)
<b>Investment in listed entities – at fair value</b>	<b>2,224</b>	<b>6,653</b>

## 12. PROPERTY, PLANT AND EQUIPMENT

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
Plant and equipment at cost	53,586	26,701
Accumulated depreciation	(14,603)	(8,559)
	<b>38,983</b>	<b>18,143</b>
Motor Vehicles at Cost	1,722	1,387
Accumulated depreciation	(689)	(615)
	<b>1,033</b>	<b>772</b>
Office equipment at cost	824	497
Accumulated depreciation	(264)	(101)
	<b>560</b>	<b>396</b>
Buildings at cost	3,904	1,603
Accumulated depreciation	(1,604)	(1,031)
	<b>2,300</b>	<b>572</b>
	<b>42,876</b>	<b>19,883</b>

## 12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and equipment \$'000	Motor Vehicles \$'000	Office equipment \$'000	Buildings \$'000	Total \$'000
<b>2013 Reconciliation of property, plant and equipment</b>					
Carrying amount at beginning of the year	18,143	772	396	572	19,883
Additions	27,306	548	333	2,301	30,488
Disposals	(421)	(212)	(6)	-	(639)
Depreciation charge	(6,045)	(75)	(163)	(573)	(6,856)
<b>Carrying amount at end of the year</b>	<b>38,983</b>	<b>1,033</b>	<b>560</b>	<b>2,300</b>	<b>42,876</b>
<b>2012 Reconciliation of property, plant and equipment</b>					
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)
<b>Carrying amount at end of the year</b>	<b>18,143</b>	<b>772</b>	<b>396</b>	<b>572</b>	<b>19,883</b>

## 13. EXPLORATION AND EVALUATION COSTS

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
Exploration costs brought forward	24,785	9,029
Exploration costs this year	15,229	16,508
Exploration costs now written off	(4,303)	-
Transfer to development expenditure	(5,249)	-
Exploration tenements sold	-	(753)
<b>Exploration costs carried forward</b>	<b>30,462</b>	<b>24,785</b>

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

### Exploration costs now written off

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 2013 \$'000	30 JUNE 2012 \$'000
Development expenditure brought forward (acquired)	5,654	1,053
Transfer from exploration and evaluation costs	5,249	-
Development expenditure this year	47,319	35,271
Accumulated amortisation	(49,409)	(30,670)
<b>Development expenditure carried forward</b>	<b>8,813</b>	<b>5,654</b>

## 15. TRADE AND OTHER PAYABLES

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
Trade payables	14,449	14,967
Other payables	610	(9)
<b>Total Trade and other payables</b>	<b>15,059</b>	<b>14,958</b>

### 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 2013 \$'000	30 JUNE 2012 \$'000
<b>(a) Current</b>		
Hire Purchase / Loan Agreements	6,163	4,708
<b>Total Financial Liabilities</b>	<b>6,163</b>	<b>4,708</b>
<b>(b) Non-Current</b>		
Hire Purchase / Loan Agreements	5,069	4,719
<b>Total Financial Liabilities</b>	<b>5,069</b>	<b>4,719</b>

### 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 / Loan Agreements for the Purchase of Plant and Equipment. The interest rates are fixed and are payable over a period of up to 36 months.



## 17. PROVISIONS

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
<b>(a) Current</b>		
Provision for annual leave	1,297	986
<b>Total Provisions</b>	<b>1,297</b>	<b>986</b>
<b>(b) Non-Current</b>		
Provision for long service leave	226	151
Provision for rehabilitation	2,676	2,676
<b>Total Provisions</b>	<b>2,902</b>	<b>2,827</b>
<u>Reconciliation of provision for rehabilitation:</u>		
Carrying amount at beginning of the year	2,676	2,676
Increase during the year	-	-
Accretion	-	-
Carrying amount at end of the year	<b>2,676</b>	<b>2,676</b>

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 2013	30 JUNE 2012
<b>(a) Issued Capital</b>		
Ordinary shares fully paid	424,279,762	402,358,752
<b>(b) Movements in Ordinary Share Capital</b>		

Number of Shares	Summary of Movements	Company \$'000
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)
<b>402,358,752</b>	<b>Closing Balance at 30 June 2012</b>	<b>64,613</b>
58,859	Placements	71
21,862,151	Exercise of Options	1,368
-	Transfer from Option Reserve	713
-	Less: Treasury Shares	-
-	Less: Cost of Issue	-
<b>424,279,762</b>	<b>Closing Balance at 30 June 2013</b>	<b>66,765</b>

## 18. CONTRIBUTED EQUITY (continued)

### (c) Unlisted Options

Northern Star had the following unlisted options on issue as at 30 June 2013:

	Number	Issue Price of Shares	Expiry Date
Employee Options	333,334	\$1.20	Expiring on 27 Feb 2014
Employee Options	333,333	\$1.50	Expiring on 27 Feb 2015
Employee Options	333,333	\$1.81	Expiring on 27 Feb 2016
Unlisted Options	2,000,000	\$0.91	Expiring on 28 June 2014
Unlisted Options	750,000	\$0.91	Expiring on 28 June 2014
Employee Options	250,000	\$1.05	Expiring on 27 Aug 2014
Employee Options	250,000	\$1.22	Expiring on 27 Aug 2015
Employee Options	125,000	\$1.05	Expiring on 1 Nov 2014
Employee Options	125,000	\$1.22	Expiring on 1 Nov 2015
Employee Options	250,000	\$0.95	Expiring on 15 Apr 2015
Employee Options	250,000	\$1.05	Expiring on 15 Apr 2016

During the financial year, no unlisted options were forfeited, 638,801 unlisted options expired, 125,000 options were cancelled, 23,893,526 options were exercised and 2,000,000 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 2013 \$'000	30 JUNE 2012 \$'000
Balance at the beginning of the year	503	392
Option exercised	(665)	(238)
Option forfeited	(48)	(11)
Option expense	901	360
<b>Balance at the end of the year</b>	<b>691</b>	<b>503</b>

*Nature and purpose of the reserve:*

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

## 20. INTEREST IN SUBSIDIARY

The Group consist of the Company and its wholly-owned controlled entity as follows:

Northern Star Mining Services Pty Ltd

*Related party transactions*

Loan to subsidiary

	COUNTRY OF INCORPORATION	
	Australia	
	6,000	6,000
<i>Movement in loans to subsidiary</i>		
Opening balance	6,000	6,000
Loans advanced	-	-
<b>Closing balance</b>	<b>6,000</b>	<b>6,000</b>

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

## 21. COMMITMENTS AND CONTINGENT LIABILITIES

### (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

Later than one year but not more than five years

Future Finance Charges

	GROUP	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
	5,771	4,680
	4,217	5,032
	<b>9,988</b>	<b>9,712</b>
	(631)	(709)
	<b>9,357</b>	<b>9,003</b>

*Commitments in relation to term purchase arrangements under a master agreement with Toyota Financial Services contracted for at the reporting date.*

Within one year

Later than one year but not more than five years

Future Finance Charges

	212	242
	2	214
	<b>214</b>	<b>456</b>
	(7)	(33)
	<b>207</b>	<b>423</b>

### (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

Later than one year but not more than five years

	493	4,680
	-	5,032
	<b>493</b>	<b>9,712</b>

## 21. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

### (c) Operating Lease Expenditure Commitments:

The Company leases its Head Office property located at level 1, 1 Puccini Court, Stirling W.A. under an operating lease. The lease runs for a period of 3 years commencing on the 1st of May 2012, with an option to renew the lease for a further 5 years commencing on the 1st of May 2015. Lease payments are increased every year to reflect market rentals, currently CPI plus 1%.

Within one year	297	238
Later than one year but not more than five years	272	436
	<b>569</b>	<b>674</b>

### (d) 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.

Within one year	3,806	1,517
Later than one year but not more than five years	9,159	2,597
Later than five years	897	1,866
	<b>13,862</b>	<b>5,980</b>

### (e) 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 Limited 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 attraction, 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. Shares and Options issued pursuant to the scheme are issued free of charge. Shares issued under the Employee Share Plan are held in voluntary escrow. Where options are issued, the option exercise price and expiry date, and the date(s) on which the rights may be exercised, is determined by the Board. Options are unlisted and not quoted on the ASX, and transfers are restricted applied.

### (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
<b>2013</b>				
10/1/2013	70,720	58,859	-	129,579
<b>2012</b>				
18/01/2012	-	70,720	-	70,720

## 22. EMPLOYEE INCENTIVE SCHEME AND OTHER SHARE-BASED PAYMENTS (continued)

(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
<b>2013</b>								
15/04/2013	15/04/2015	1.05	-	250,000	-	-	250,000	-
15/04/2013	15/04/2015	0.95	-	250,000	-	-	250,000	-
10/01/2013	1/11/2015	1.22	-	125,000	-	-	125,000	-
10/01/2013	1/11/2014	1.05	-	125,000	-	-	125,000	-
10/01/2013	27/08/2015	1.22	-	250,000	-	-	250,000	-
10/01/2013	27/08/2014	1.05	-	250,000	-	-	250,000	-
3/12/2012	28/06/2014	0.91	-	750,000	-	-	750,000	-
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)	-	-	-
15/05/2012	30/06/2013	0.80	375,000	-	(250,000)	(125,000)	-	-
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)	-	-	-
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	11/10/2013	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	30/07/2013	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)	-	-	-
11/09/2009	4/09/2012	0.05	500,000	-	(500,000)	-	-	-
11/09/2009	4/09/2012	0.05	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)	-	-	-

## 22. EMPLOYEE INCENTIVE SCHEME AND OTHER SHARE-BASED PAYMENTS (continued)

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
<b>2012</b>								
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)	-	-	-

## 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Key management personnel compensation

	GROUP	
	30 JUNE 2013	30 JUNE 2012
	\$'000	\$'000
Short-term employee benefits - cash fees and bonus	1,482	1,161
Post-employment benefits - superannuation	62	54
Equity based payments	445	52

### (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 Limited and any other key management personnel of the Group, including their personally related parties, are as follows

2013 Name	Balance at beginning of the year	Net change during the year	Balance at end of the year
<b>Directors</b>			
Christopher Rowe	5,410,514	(1,424,319)	3,986,195
Bill Beament	14,670,000	(2,385,265)	12,284,735
John Fitzgerald	-	-	-
Michael Fotios	49,539,374	(20,489,000)	29,050,374
Peter O'Connor	100,000	100,000	200,000
Peter Farris (as at 30 November 2012)	999,998	(750,000)	249,998

#### Key Management Personnel

Ray Parry	378,334	526,479	904,813
Liza Carpene	-	-	-
Karen Brown (as at 15 April 2013)	1,191,666	735,332	1,926,998

2012 Name	Balance at beginning of the year	Net change during the year	Balance at end of the year
<b>Directors</b>			
Christopher Rowe	6,445,833	(1,035,319)	5,410,514
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

## 23. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

### (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 Limited and any other key management personnel of the Group, including their personally related parties, are as follows:

2013 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
<b>Directors</b>						
Christopher Rowe	1,864,681	-	(1,864,681)	-	-	-
Bill Beament	8,500,000	-	(6,500,000)	-	2,000,000	2,000,000
Michael Fotios	5,000,000	-	(5,000,000)	-	-	-
Peter O'Connor	-	750,000	-	-	750,000	750,000
Peter Farris	-	-	-	-	-	-
<b>Key Management Personnel</b>						
Ray Parry	666,666	-	(666,666)	-	-	-
Liza Carpene	-	500,000	-	-	500,000	-
Karen Brown	735,332	-	(735,332)	-	-	-

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
<b>Directors</b>						
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	-	-	-	-	-	-
<b>Key Management Personnel</b>						
Ray Parry	1,000,000	-	(333,334)	-	666,666	-
Karen Brown	735,332	-	-	-	735,332	735,332



## 23. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

### (c) Other Related Party Transactions with Key Management Personnel

Michael Fotios is a related party, and is:

- a Shareholder and director of Delta Resources Management Pty Ltd. During the year an amount of \$562 was paid to Delta Resources for professional services at normal commercial rates, and
- a Shareholder and director of Investmet Limited. During the year an amount of \$58,400 was paid to this business for corporate advice at normal commercial rates.

Bill Beament is a related party, and:

- is a director and has a beneficial interest in a shareholding of Australian Underground Drilling Pty Ltd. During the year an amount of \$6,886,439 was paid to this business for mining services at normal commercial rates,
- has a beneficial interest in a shareholding in Premium Mining Personnel Pty Ltd. During the year and amount of \$5,327,172 was paid to this business for mining services at normal commercial rates,
- is the sole director and has a beneficial interest in a shareholding in Mining & Infrastructure Group Pty Ltd. During the year an amount of \$18,800 was paid to this business for serviced vehicle expenses at normal commercial rates in relation to Mr Beament's remuneration contract, and
- had a short term personal loan with the Company as at 30 June 2013 to the value of \$31,318.65 which was extinguished subsequent to the balance date .

## 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 2013	30 JUNE 2012
	\$'000	\$'000
Rothsay Chartered Accountants - Auditors for the Group	58	61

## 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 2013	30 JUNE 2012
Fortescue Metals Group	Exploration	25%	-
Cullen Exploration Pty Ltd - Hardey Junction Joint Venture	Exploration	80%	80%
Artemis Resources Ltd - Mt Clement Joint Venture	Exploration	20%	20%

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.

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:

	<b>GROUP</b>	
	<b>30 JUNE 2013</b>	<b>30 JUNE 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	55,775	64,962
Trade and other receivables	1,713	1,817
Other financial assets – investments	2,224	6,653
<b>Financial liabilities</b>		
Trade payables	14,449	14,967
Financial Liabilities	11,232	9,426

### (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:

	<b>GROUP</b>	
	<b>30 JUNE 2013</b>	<b>30 JUNE 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	55,775	64,962
<b>Financial liabilities</b>		
Finance Leases	(11,232)	(9,426)
<b>Net exposure</b>	<b>44,543</b>	<b>55,536</b>

### Sensitivity

At 30 June 2013, if interest rates had increased/decreased by 0.75% 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 \$334,000 higher/lower (2012: \$694,000 higher/\$694,000 lower).

The 0.75% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical RBA movements over the last year.

## 27. FINANCIAL RISK MANAGEMENT (continued)

### (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 2013	30 JUNE 2012
	\$'000	\$'000
Maturity analysis of financial liabilities:		
Non-Interest Bearing		
Trade payables	14,449	14,967
	14,449	14,967
Fixed Rate		
Financial Liabilities	11,232	9,426

### (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 is exposed to movements in the gold price. As part of the risk management policy of the Group, a variety of financial instruments (such as gold forward sales contracts and gold put options) are used from time to time to minimise the risk of AUD denominated gold prices falling below the cash costs of production by providing price certainty over a portion of the forecast production at an acceptable margin in excess of the forecast cash cost of production. Hedging programs undertaken are structured with the objective of retaining as much upside to the gold price as possible, but in any event, by limiting hedging commitments to no more than 70% of the Group's quarterly forecast production.

The value of these financial instruments at any given point in time, will in times of volatile market conditions, show substantial variation over the short term. The hedging facilities provided by the Group's various hedging counterparties do not contain margin calls. The Group does not hedge account for these instruments. At balance date the Group did not have any hedging commitments.

### (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.

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 2013	30 JUNE 2012
	\$'000	\$'000
Cash and cash equivalents	55,775	64,962

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 Limited:

	PARENT ENTITY	
	30 JUNE 2013 \$'000	30 JUNE 2012 \$'000
Results of the parent entity		
Profit/(Loss) for the period	23,106	22,773
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>23,106</b>	<b>22,773</b>
Financial position of the parent entity at year end		
Current assets	69,334	75,812
Non-current assets	77,109	54,076
<b>Total assets</b>	<b>146,443</b>	<b>129,888</b>
Current liabilities	23,522	21,883
Noncurrent liabilities	14,806	10,495
<b>Total liabilities</b>	<b>38,328</b>	<b>32,378</b>
<b>Net assets</b>	<b>108,115</b>	<b>97,510</b>
Contributed equity	66,765	64,612
Reserves	691	503
Retained earnings	40,659	32,395
<b>Total equity</b>	<b>108,115</b>	<b>97,510</b>

### (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 Limited.

## 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 2013 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

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 Group's financial position at 30 June 2013 and of the 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 2013 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 2013.

On behalf of the Board



**BILL BEAMENT**  
**Managing Director**

Perth, Western Australia

2 August 2013

## ROTHSA Y

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P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

### **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 statement of financial position as at 30 June 2013, the income statement and 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 entity 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*.



Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).



## 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 2013 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 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.



Rothsay



Graham R Swan  
Partner

Dated *2nd* August 2013



Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).



## Approach to Corporate Governance

Northern Star Resources Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to ASX Corporate Governance Council Principles and Recommendations 2<sup>nd</sup> edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained it reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents are located on Company's website under the "Corporate Governance" section (<http://www.nsrld.com/corporate/corporategovernance.html>).

### Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee

### Policies and Procedures

- Policy and Procedure for Selection and (Re) Appointment of Directors
- Process for Performance Evaluation
- Policy on Assessing the Independence of Directors
- Diversity Policy (summary)
- Code of Conduct (summary)
- Policy on Continuous Disclosure (summary)
- Compliance Procedures (summary)
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Shareholder Communication Policy
- Risk Management Policy (summary)
- Policy for Trading in Company Securities

The Company reports below on whether it has followed each of the recommendations during the 2012/2013 financial year (Reporting Period). The information in this statement is current at 8 October 2013.

## Board

### *Roles and responsibilities of the Board and Senior Executives* (Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter, which is disclosed on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development

of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate. The lead independent director is the Chair of the Audit Committee, John Fitzgerald.

### *Skills, experience, expertise and period of office of each Director* (Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 7.

The mix of skills and diversity for which the Board is looking to achieve in membership of its Board is represented in its current composition. The Board includes Directors with skills and substantial experience in operational management, exploration and geology, mining engineering, corporate law, finance, listed resource companies, equity markets and global funds management.

### *Director independence* (Recommendations: 2.1, 2.2, 2.3, 2.6)

For the period 1 July 2012 to 30 November 2012, the Board did not have a majority of directors who were independent. Whilst the Board considered that its size and composition represented an appropriate mix of skills and expertise relevant to the Company's business, it is aware of the importance of independent judgement and considers independence when new appointments are made to the Board. On 30 November 2012, Peter Farris, a non-independent director, did not seek re-election to the Board at the Annual General Meeting and John Fitzgerald, an independent non-executive director was appointed which resulted in the Board having a majority of independent directors.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger





any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The independent directors of the Company are Christopher Rowe (Chair), Peter O'Connor and John Fitzgerald (appointed 30 November 2012). These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

The non-independent directors of the Company are William (Bill) Beament (Managing Director), Michael Fotios (a director and significant shareholder of InvestMet Limited, a substantial shareholder of the Company) and Peter Farris (retired 30 November 2012), also a director of InvestMet Limited.

The independent Chair of the Board is Christopher Rowe.

The Managing Director is Bill Beament.

#### *Independent professional advice (Recommendation: 2.6)*

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

#### *Selection and (Re)Appointment of Directors (Recommendation: 2.6)*

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

## Board Committees

#### *Nomination Committee (Recommendations: 2.4, 2.6)*

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Nomination Committee, held one (1) meeting during the Reporting Period. Details of director attendance at the meeting of the full Board, in its capacity as the Nomination Committee, during the Reporting Period are set out in a table in the Directors' Report on page 8. Informal nomination-related discussions occurred from time to time during the year as required during other Board meetings.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee.

The Company's Nomination Committee Charter is disclosed on the Company's website.

#### *Audit Committee (Recommendations: 4.1, 4.2, 4.3, 4.4)*

The Board has established an Audit Committee.

For the period 1 July 2012 to 30 November 2012, the Audit Committee comprised Peter O'Connor (Chair), Christopher Rowe and Peter Farris and was structured in compliance with Recommendation 4.2. On 30 November 2012, Peter Farris did not seek re-election at the Annual General meeting and retired from the Audit Committee, and John Fitzgerald was appointed to the committee. Mr Fitzgerald took over as Chair of the Audit Committee on 17 December 2012. The Audit Committee now comprises three independent non-executive directors and is chaired by John Fitzgerald who is not also Chair of the Board in compliance with Recommendation 4.2.

The Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

The Audit Committee held two (2) meetings during the Reporting Period. Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 8.

Details of each of the director's qualifications are set out in the Directors' Report on page 7. All members of the Audit Committee consider themselves to be financially literate and have an understanding of the industry in which the Company operates. Mr Fitzgerald, who joined the Audit Committee on 30 November 2012, and took over as Chair of the Audit Committee on 17 December 2012, is a Chartered Accountant.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is



responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

#### *Remuneration Committee (Recommendations: 8.1, 8.2, 8.3, 8.4)*

The Board has established a Remuneration Committee, which comprises the Board's non-executive directors. Accordingly, the Remuneration Committee is, and was at all times during the Reporting Period structured in compliance with ASX Listing Rule 12.8.

However, the Remuneration Committee was not structured in accordance with Recommendation 8.2 at all times during the Reporting Period. The members of the Remuneration Committee for the period 1 July 2012 to 30 November 2012 were: Christopher Rowe (Chair), Michael Fotios, Peter Farris and Peter O'Connor. Whilst all members were non-executive directors, only two members (including the Chair) were independent. The Board is of the opinion that the widest representation of the full Board is advantageous to the operation of the Remuneration Committee regardless of the independence of the committee members.

On 30 November 2012, Mr Farris did not stand for re-election at the Annual General Meeting and retired from the Remuneration Committee, and Mr Fitzgerald was appointed to the committee, from which date the Remuneration Committee has been structured in accordance with Recommendation 8.2. The Remuneration Committee comprises three independent non-executive directors and one non-independent non-executive director and is chaired by an independent director.

The Remuneration Committee held four (4) meetings during the Reporting Period. Details of director attendance at Remuneration Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 8.

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences on page 11. The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time to time the Company may grant options to non-executive directors as a means of attracting and retaining suitably qualified non-executive directors. Options proposed to be issued to non-executive directors are subject to approval by shareholders in general meeting. The Board has refrained from issuing options to non-executive directors since the 2012 Annual General Meeting. Pay and rewards for executive directors and senior executives consists of a base salary and

performance incentives. Short term performance incentives may include cash bonuses, which is designed to encourage and reward superior performance. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approval. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is disclosed on the Company's website.

## Performance Evaluation

#### *Senior Executives (Recommendations: 1.2, 1.3)*

It is the responsibility of the Managing Director to manage and implement performance evaluation of other senior executives and management, reporting to the Board (as the Nomination Committee) and the Remuneration Committee at least annually.

The current size and structure of the Company allows the Managing Director to conduct informal evaluation of other senior executives and management personnel on a regular basis, conducting a formal evaluation annually in conjunction with a remuneration review. This formal evaluation follows a structured format including interviews, self-assessment and measurement of performance of the individual and the Company against a set of parameters and benchmarks. Open and regular communication with senior staff and consulting personnel allows the Managing Director to ensure that key performance indicators are identified and met, and to provide feedback and guidance, particularly where performance or mismanagement issues are evident.

A performance evaluation of senior executives took place during the Reporting Period in accordance with the process disclosed.

#### *Board, its Committees and Individual Directors (Recommendations: 2.5, 2.6)*

Evaluation of the Board and its members is carried out by way of an ongoing review by the Chair (please refer to the Company's Process for Performance Evaluation on its website for more details of the means by which the review is conducted), discussing issues as they arise, and periodically conducting interviews with each director. This ongoing process has remained in-house and informal throughout the year, relying on discussion and consultation summarised with an annual report from the Chair in preference to more formal means of evaluation. The full Board (acting as the Nomination Committee) reviews the performance of the Managing Director on an ongoing basis.

During the Reporting Period, the Chair performed an evaluation of the Board, its committees, and individual directors (including the Managing Director but excluding the Chair) which was summarised in a report. A review of the Chair was not undertaken during the year. The Board has committed to undertaking an annual review of the Board, its committees and individual directors (including the Chair) commencing in the second quarter of the 2014 financial year by way



of a formal questionnaire and evaluation to be completed by all directors. The results of the review, once compiled, will be considered by the full Board (acting as the Nomination Committee). The Managing Director's evaluation will be completed in June of each year in line with other senior executives.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

## Ethical and Responsible Decision Making

### Code of Conduct

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is disclosed on the Company's website.

### Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

The following measurable objectives for achieving gender diversity were set by the Board in accordance with the Diversity Policy on 28 June 2013.

Objectives	Target/Timeframe	Progress towards achieving
Increase the % proportion of women in the Northern Star total workforce as at 30 June 2013	5% increase by 30 June 2015	To be measured 30 June 2014. Recruitment processes are being modified to encourage greater female participation.
Maintain % proportion of women in executive positions as at 30 June 2013	20% maintained by 30 June 2015	To be measured 30 June 2014.
Increase the % proportion of women in senior positions as at 30 June 2013 (ie. senior professional levels)	5% increase by 30 June 2015	To be measured 30 June 2014. Recruitment processes are being modified to encourage greater female participation.
Recruit a female Director to the Board of the Company (or its subsidiary)	By 30 June 2015 subject to a vacancy becoming available and merit/skills matrix fit	No vacancies have become available to date.
Introduce a succession planning system/policy which actively seeks to provide development opportunities and pathways for promotion to senior management and Board positions, proactively targeting women candidates	By 30 June 2014	Development of the succession planning system / policy has commenced.
Review the Company's suite of HR and Corporate Policies, and articulate/socialise the Company's Corporate Culture which supports workplace diversity	By 30 June 2014	The review process has commenced.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board as at 30 June 2013 are set out in the following table:

	Proportion of Women
Employees in whole organisation	21 out of 112 (18.75%)
Senior executive positions <sup>1</sup>	1 out of 4 (25%)
Board	0 out of 5 (0%)

<sup>1</sup>At 30 June 2013, "Senior executive positions" excludes the Managing Director and includes: Chief Financial Officer, Company Secretary, General Manager – Business Development & Technical Services, and General Manager – Exploration.

A summary of the Company's Diversity Policy is disclosed on the Company's website.

### Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

### Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

### Risk Management

(Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;

- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company's risk management system includes the use of corporate risk register to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks has been allocated to members of senior management. The risk register is reviewed quarterly and updated, as required.

The categories of risk reported on as part of the Company's risk management system are: operational risks; exploration, evaluation and environmental risks; general economic and share market risks; commodity price risks; native title and tenure risks; risks relating to joint venture parties, agents and contractors; risks associated with future capital requirements and with potential acquisitions; risk

relating to resource and mineralisation estimations; and risk associated with reliance on key personnel.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

Additional information required by the ASX Listing Rules and not shown elsewhere in this report is as follows. The information is current as at 8 October 2013.

## EQUITY SECURITIES HOLDER INFORMATION

### Ordinary Shares

424,279,762 quoted fully paid ordinary shares (NST). All ordinary shares carry one vote per share.

Distribution of Fully Paid Ordinary Shares	No of Holders	No of Shares	% of Issued Capital
1 - 1,000	1,072	677,175	0.160
1,001 - 5,000	2,741	8,249,723	1.944
5,001 - 10,000	1,711	14,082,478	3.319
10,001 - 100,000	2,577	78,969,126	18.613
100,000+	299	322,301,260	75.964
<b>Total Holders</b>	<b>8,400</b>	<b>424,279,762</b>	<b>100.000</b>

451 Shareholders held less than a marketable parcel (<\$500) of ordinary fully paid shares based on the current market price (\$0.83).

Twenty Largest Holders of Ordinary Fully Paid Shares		No of Shares	% Issued Capital
1.	National Nominees Limited	55,434,912	13.066
2.	HSBC Custody Nominees (Australia) Limited	39,021,573	9.197
3.	J P Morgan Nominees Australia Limited	38,257,384	9.017
4.	Investmet Limited	21,946,900	5.173
5.	Citicorp Nominees Pty Limited	16,980,118	4.002
6.	Mr William James Beament <The Beament Family A/C>	12,059,735	2.842
7.	AMP Life Limited	8,700,431	2.051
8.	BNP Paribas Noms Pty Ltd <DRP>	6,138,071	1.447
9.	Delta Resource Management Pty Ltd	5,374,000	1.267
10.	Wyllie Group Pty Ltd	3,500,000	0.825
11.	Lujeta Pty Ltd <Margaret A/C>	3,200,000	0.754
12.	CS Fourth Nominees Pty Ltd	3,006,884	0.709
13.	Leefab Pty Ltd	2,499,998	0.589
14.	Little Breton Nominees Pty Ltd <The Little Breton S/F A/C>	2,486,195	0.586
15.	Kyim Pty Ltd <The Ransted Family Fund A/C>	2,448,000	0.577
16.	Multi Metal Consultants Pty Ltd <The MMC S/F A/C>	2,200,000	0.519
17.	Brispot Nominees Pty Ltd	2,189,400	0.516
18.	Mrs Catherine Anne Wilkinson	2,165,000	0.510
19.	Navigator Australia Ltd <MLC Investment Sett A/C>	2,071,208	0.488
20.	QIC Limited	2,003,677	0.472
<b>TOTAL</b>		<b>231,683,486</b>	<b>54.607</b>

### Options

5,000,000 unlisted options with various exercise prices and expiry dates (refer table below). Options do not carry a right to vote. Voting rights will be attached to the unissued shares when the options have been exercised.

Expiry Date	No of Options	Exercise Price	No of Holders	Holding >20%
27/2/2014	333,334	\$1.20	1	Issued under employee incentive scheme
28/6/2014	2,750,000	\$0.91	2	72.7% – B Beament / 27.3% – P O'Connor
27/8/2014	250,000	\$1.05	1	Issued under employee incentive scheme
1/11/2014	125,000	\$1.05	1	Issued under employee incentive scheme
27/2/2015	333,333	\$1.50	1	Issued under employee incentive scheme
15/4/2015	250,000	\$0.95	1	Issued under employee incentive scheme
27/8/2015	250,000	\$1.22	1	Issued under employee incentive scheme
1/11/2015	125,000	\$1.22	1	Issued under employee incentive scheme
27/2/2016	333,333	\$1.81	1	Issued under employee incentive scheme
15/4/2016	250,000	\$1.05	1	Issued under employee incentive scheme

### Substantial Shareholders

The substantial Shareholders as disclosed in the substantial shareholding notices received by the Company are:

Name	No of Shares
BlackRock Group	21,475,284
Investmet Limited	21,946,900
Van Eck Associates Corporation	28,408,283

### Restricted Securities

Currently there are no securities subject to either ASX imposed or voluntary restrictions.

### On-Market Buy-Back

Currently there is no on-market buy-back of the Company's securities.

# TENEMENT SCHEDULE



NORTHERN STAR  
RESOURCES LIMITED

TENEMENT NO.	INTEREST %	PROJECT NAME AND LOCATION
E52/1941	100	Ashburton, Peak Hill, WA
M52/639	100	Ashburton, Peak Hill, WA
M52/640	100	Ashburton, Peak Hill, WA
M52/734	100	Ashburton, Peak Hill, WA
M52/735	100	Ashburton, Peak Hill, WA
P52/1420	100	Ashburton, Peak Hill, WA
E08/2232	100	Ashburton Regional, Ashburton, WA
E08/2240	100	Ashburton Regional, Ashburton, WA
E08/2472	100	Ashburton Regional, Ashburton, WA
E08/2474	100	Ashburton Regional, Ashburton, WA
E08/2475	100	Ashburton Regional, Ashburton, WA
E08/2487	100	Ashburton Regional, Ashburton, WA
E51/1391	100	Cheroona, Murchison, WA
E08/1650	100	Electric Dingo, Ashburton WA
E08/2310	100	Electric Dingo, Ashburton WA
E08/2393	100	Electric Dingo, Ashburton WA
E08/2456	100	Electric Dingo, Ashburton WA
P08/646	100	Electric Dingo, Ashburton WA
E08/1628	25	FMG JV, Ashburton, WA
E08/1629	25	FMG JV, Ashburton, WA
E08/1630	25	FMG JV, Ashburton, WA
E08/1631	25	FMG JV, Ashburton, WA
E08/1632	25	FMG JV, Ashburton, WA
E08/1633	25	FMG JV, Ashburton, WA
E08/1741	25	FMG JV, Ashburton, WA
E08/1878	25	FMG JV, Ashburton, WA
E08/1915	25	FMG JV, Ashburton, WA
E08/1916	25	FMG JV, Ashburton, WA
E08/1949	25	FMG JV, Ashburton, WA
E08/1950	25	FMG JV, Ashburton, WA
E08/1961	25	FMG JV, Ashburton, WA
E08/1985	25	FMG JV, Ashburton, WA
E08/1986	25	FMG JV, Ashburton, WA
E08/1992	25	FMG JV, Ashburton, WA
E08/2000	25	FMG JV, Ashburton, WA
E08/2003	25	FMG JV, Ashburton, WA
E08/2034	25	FMG JV, Ashburton, WA
E08/2038	25	FMG JV, Ashburton, WA
E08/2039	25	FMG JV, Ashburton, WA
E08/2065	25	FMG JV, Ashburton, WA
E08/2067	25	FMG JV, Ashburton, WA
E08/2114	25	FMG JV, Ashburton, WA
E08/2250	25	FMG JV, Ashburton, WA
E08/2258	25	FMG JV, Ashburton, WA
E08/2280	25	FMG JV, Ashburton, WA
E08/2281	25	FMG JV, Ashburton, WA
E08/2282	25	FMG JV, Ashburton, WA
E08/2293	25	FMG JV, Ashburton, WA
E08/2294	25	FMG JV, Ashburton, WA
E08/2295	25	FMG JV, Ashburton, WA
E08/2296	25	FMG JV, Ashburton, WA
E08/2353	25	FMG JV, Ashburton, WA
E08/2354	25	FMG JV, Ashburton, WA
E08/2364	25	FMG JV, Ashburton, WA
E47/1395	25	FMG JV, West Pilbara, WA
E47/1396	25	FMG JV, West Pilbara, WA
E47/1535	25	FMG JV, West Pilbara, WA
E47/1549	25	FMG JV, West Pilbara, WA
E47/1677	25	FMG JV, West Pilbara, WA
E47/1735	25	FMG JV, West Pilbara, WA
E47/1773	25	FMG JV, West Pilbara, WA
E47/1833	25	FMG JV, West Pilbara, WA
E47/1879	25	FMG JV, West Pilbara, WA
E47/2035	25	FMG JV, West Pilbara, WA

TENEMENT NO.	INTEREST %	PROJECT NAME AND LOCATION
E47/2171	25	FMG JV, West Pilbara, WA
E47/2236	25	FMG JV, West Pilbara, WA
E47/2292	25	FMG JV, West Pilbara, WA
E47/2587	25	FMG JV, West Pilbara, WA
E47/2636	25	FMG JV, West Pilbara, WA
E52/2484	25	FMG JV, Peak Hill, WA
E52/2730	25	FMG JV, Peak Hill, WA
E52/2786	25	FMG JV, Peak Hill, WA
P08/647	25	FMG JV, Ashburton, WA
P47/1237	25	FMG JV, West Pilbara, WA
E52/2509	100	Beatty Park, Peak Hill, WA
E80/2612	100	Emull (Red Billabong), Kimberley, WA
E08/1166	80	Hardey Junction JV, Ashburton, WA
E08/1189	80	Hardey Junction JV, Ashburton, WA
E08/1763	80	Hardey Junction JV, Ashburton, WA
E08/1842	80	Hardey Junction JV, Ashburton, WA
E08/1843	80	Hardey Junction JV, Ashburton, WA
E08/1844	80	Hardey Junction JV, Ashburton, WA
E08/1606	20 free carried	Mt Clement JV, Ashburton, WA
M08/191	20 free carried	Mt Clement JV, Ashburton, WA
M08/192	20 free carried	Mt Clement JV, Ashburton, WA
M08/193	20 free carried	Mt Clement JV, Ashburton, WA
E08/1187	100	Paulsens, Ashburton, WA
E08/1649	100	Paulsens, Ashburton, WA
E08/1744	100	Paulsens, Ashburton, WA
E08/1745	100	Paulsens, Ashburton, WA
E08/1845	100	Paulsens, Ashburton, WA
E08/2251	100	Paulsens, Ashburton, WA
E08/2252	100	Paulsens, Ashburton, WA
E08/2395	100	Paulsens, Ashburton, WA
E08/2499	100	Paulsens, Ashburton, WA
E47/1134	100	Paulsens, Ashburton, WA
E47/1553	100	Paulsens, Ashburton, WA
L08/103	100	Paulsens, Ashburton, WA
L08/113	100	Paulsens, Ashburton, WA
L08/12	100	Paulsens, Ashburton, WA
L08/13	100	Paulsens, Ashburton, WA
L08/14	100	Paulsens, Ashburton, WA
L08/15	100	Paulsens, Ashburton, WA
L08/81	100	Paulsens, Ashburton, WA
L08/91	100	Paulsens, Ashburton, WA
L08/92	100	Paulsens, Ashburton, WA
M08/196	100	Paulsens, Ashburton, WA
M08/222	100	Paulsens, Ashburton, WA
M08/99	100	Paulsens, Ashburton, WA
P08/516	100	Paulsens, Ashburton, WA
P08/543	100	Paulsens, Ashburton, WA
P08/544	100	Paulsens, Ashburton, WA
P08/546	100	Paulsens, Ashburton, WA
P08/565	100	Paulsens, Ashburton, WA
P08/625	100	Paulsens, Ashburton, WA
P08/626	100	Paulsens, Ashburton, WA
P08/653	100	Paulsens, Ashburton, WA
P08/655	100	Paulsens, Ashburton, WA
P47/1313	100	Paulsens, Ashburton, WA
P47/1637	100	Paulsens, Ashburton, WA
E80/4001	100	Wilson River, Kimberley, WA

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