NORTHERN STAR RESOURCES LTD
ABN 43 092 832 892

INFORMATION MEMORANDUM

including

NOTICE OF ANNUAL GENERAL MEETING

AND

PROXY FORM

IN THEIR CONSIDERATION OF RESOLUTIONS TO BE PUT AT A GENERAL MEETING OF THE COMPANY TO BE HELD AT HOLIDAY INN CITY CENTRE PERTH, 778-788 HAY STREET PERTH WA ON FRIDAY, 17 NOVEMBER 2006 AT 11.00AM

THIS DOCUMENT IS IMPORTANT

If you do not understand this document or are in any doubt as to how to deal with this document, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

NORTHERN STAR RESOURCES LTD
ABN 43 092 832 892

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PERTH WA 6000

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PERTH BUSINESS CENTRE WA 6849

Ph: (08) 9328 9292 Fax: (08) 9227 6011
Email: info@nsrltd.com, Web: www.nsrltd.com

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Shareholders will be held at the Wandu Room, Holiday Inn City Centre Perth, 778-788 Hay Street Perth WA on Friday, 17 November 2006 at 11.00am for the purpose of transacting the following business:-

BUSINESS

- **ORDINARY BUSINESS**

Financial Report

To receive the Financial Report for the year ended 30 June 2006.

1. **Directors**

   To consider and if thought fit to pass the following resolutions as ordinary resolutions:-

   a) To elect Mr T W Ransted, who retires in accordance with the Constitution and, being eligible, offers himself for re-election.

   b) To elect Mr G Lethridge, who retires in accordance with the Constitution and, being eligible, offers himself for re-election.

   c) To elect Mr P Langworthy, who was appointed to the Board since the last Annual General Meeting and retires in accordance with the Constitution and, being eligible, offers himself for re-election.

2. **Remuneration Report**

   To receive and adopt the remuneration report for the financial year ended 30 June 2006.

- **SPECIAL BUSINESS**

3. **Renewal of Employee Share Option Plan**

   To consider and, if thought fit, to pass as an ordinary resolution the following:

   "That for the purpose of ASX Listing Rule 7.2, Exception 9 and all other purposes, the employee incentive scheme known as the Northern Star Resources Ltd Employee Share Option Plan, the terms and conditions of which are set out in Annexure "A" to the explanatory memorandum accompanying the notice convening this meeting, be renewed for a period of three years commencing on the date of this meeting."

   Note:

   a) The full terms of the Employee Share Option Plan are set out in Annexure "A" to the Explanatory Memorandum.
   b) No options have been issued under the Employee Share Option Plan since it was adopted on 3 November 2003

Voting Exclusion

The Company will disregard any votes cast on this resolution by a director of the Company, by an associate of a director of the Company or by anyone who might obtain a benefit, (except a benefit solely in their capacity as holder of ordinary securities), if the resolution is passed. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated this 13th day of October 2006
By order of the Board of Directors

Karen E V Brown
Company Secretary

Instructions for appointment of proxy

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where two proxies are appointed, unless each proxy is appointed to represent a specified proportion of the member's voting rights, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. If a proxy is given by a corporation, a form of proxy must be executed by two directors or a director and secretary or (in the case of a proprietary company) by the sole director and sole secretary (as appropriate) (either with or without the Common Seal of the corporation) or under the hand of its attorney.
5. If a proxy is executed by an attorney of a member, the attorney must declare that he/she has no notice of a revocation of power of attorney, and a copy of the power of attorney and of such declaration must accompany the form of proxy.
6. Proxy forms must be lodged with the Company at its registered office at 129 Edward Street, Perth, Western Australia 6000 (PO Box 8178, Perth Business Centre, Perth, Western Australia 6849) no later than 48 hours prior to the time of the meeting. Proxy forms can be lodged by facsimile on the following number: (61 8) 9227 8178.

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with Special Business to be conducted at the Annual General Meeting to be held on 17 November 2006 at 11.00am.

Resolution 3 - Renewal of Employee Share Option Plan

Resolution 3 refers to ASX Listing Rule 7.2, Exception 9. This provision exempts from Listing Rule 7.1 (which prohibits a listed company from issuing shares or options representing more than 15% of the company's issued capital in any 12 month period without shareholder approval) an issue of securities under an employee incentive scheme which has been approved by shareholders for this purpose.

As an incentive to employees of the Company, shareholders approved the Northern Star Resources Ltd Employee Share Option Plan (**ESOP**) at a General Meeting held in November 2003. Under the terms of the ESOP, options to subscribe for shares in Northern Star Resources Ltd may be granted to qualifying employees.

No options have been issued under the Scheme since its introduction.

Under the ASX Listing Rules, the Company is required to re-submit the Scheme to shareholders for approval every three years, and this is the purpose of the resolution to be put to shareholders as special business at the AGM.

Summary of Key Features

The ESOP was introduced to assist in the attraction, retention and motivation of employees of the Company and any future related bodies corporate (**Group**). A share option plan with no performance hurdles is a crucial remuneration tool for a small exploration company such as Northern Star.

All employees, (full and part-time) will be eligible to participate in the ESOP after a qualifying period of 12 months' employment by a member of the Group, although the Board may waive this requirement.

If permitted by the Board, options may be issued to an employee's nominee (for example a spouse or family company). Each option is to subscribe for one fully paid ordinary share in the Company and will expire five (5) years from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolved to offer those options. The total number of shares the subject of options issued under the ESOP and remaining extant must not exceed 5% of the Company's issued share capital.

If, prior to the expiry date of options, a person ceases to be an employee of the Group for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) must be exercised within one (1) month thereafter otherwise they will automatically lapse. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.

Options cannot be transferred other than to the legal personal representative of a deceased option holder.

The Company will not apply for official quotation of any options.

Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.

Option holders may only participate in new issues of securities by first exercising their options.

If there is a bonus share issue to the holders of shares, the number of shares over which an option is exercisable will be increased by the number of shares which the option holder would have received if the option had been exercised before the record date for the bonus issue.

If there is a pro rata issue (other than a bonus issue) to the holders of shares, the exercise price of an option will be reduced to take account of the effect of the pro rata issues as per the calculated formula.

If there is a reorganization of the issued capital of the Company, unexercised options will be reorganised in accordance with the Listing Rules of Australian Stock Exchange Limited.

The Board may amend the ESOP rules subject to the requirements of the Listing Rules.

Conclusion and recommendation

Your directors believe that the proposal to renew the Northern Star Resources Ltd Employee Share Option Plan is in the best interests of the Company and unanimously recommend shareholders to vote in favour of the resolution to give effect to that proposal.

ANNEXURE "A"

RULES OF THE NORTHERN STAR RESOURCES LTD EMPLOYEE SHARE OPTION PLAN

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Rules, unless the contrary intention appears:

"**Associated Company**" means at any time any body corporate that at that time is a related body corporate of the Company within the meaning of section 50 of the Corporations Act;

"**ASX**" means Australian Stock Exchange Limited and includes any body corporate which may hereafter succeed to the powers, functions and duties of Australian Stock Exchange Limited;

"**Board**" means the directors acting as the board of directors of the Company;

"**Business Day**" means a day on which the stock market of ASX is open for trading in securities;

"**Certificate**" means the certificate issued by the Company to a Holder in respect of an Option;

"**Company**" means Northern Star Resources Ltd ACN 092 323 892;

"**Director**" means a director of a Group Company from time to time;

"**Eligible Person**" means at any time a person who then is an employee (whether full-time or part-time) of a Group Company;

"**Exercise Price**" means, in respect of an Option, the subscription price per Share, determined in accordance with clause 12, payable by a Holder on exercise of the Option;

"**Expiry Date**" means, in relation to an Option, the period of 5 years from and including the Issue Date of the Option;

"**Group**" means, collectively the Company and each of the Associated Companies;

"**Group Company**" means the Company or any Associated Company;

"**Holder**" means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company's register of options as the holder of that Option;

"**Issue Date**" means, in relation to an Option, the date on which the Company grants that Option;

"**Listing Rules**" means the Official Listing Rules of ASX;

"**Market Value**" means:

(a) the average closing sale price per Share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the day on which the Board resolves to offer an Option (excluding special crossings and overnight sales); or

(b) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX (excluding special crossings and overnight sales);

"**Option**" means an Option issued under the Plan to subscribe (subject to clause 11) for a Share;

"**Permanent Disablement**" means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

"**Permitted Nominee**" has the meaning given to it by clause 5.4;

"**Plan**" means the Northern Star Resources Ltd Employee Share Option Plan established in accordance with these Rules;

"**Redundancy**" means, in relation to an Eligible Person, a determination by the Board that the relevant Group Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of any Group Company of his own accord);

"**Retirement**" means, in relation to an Eligible Person, retirement by that Eligible Person from any Group Company at age 60 or over or such earlier age as considered appropriate by the Board;

"**Rules**" means these rules, as amended from time to time;

"**Shares**" means fully paid ordinary shares in the capital of the Company.

1.2 **Interpretation**

In these Rules, unless the contrary intention appears:

(a) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;

(b) the singular includes the plural and vice versa;

(c) a reference to a gender includes all genders; and

(d) an expression defined in, or given a meaning for the purposes of, the Corporations Act or the Listing Rules has the same meaning where used in these Rules.

2. ESTABLISHMENT AND TERMINATION OF THE PLAN

2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute and uncontrolled discretion.

2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.

2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

3. NUMBER OF OPTIONS TO BE ISSUED

The Company shall not offer or issue Options to any Eligible Person in accordance with the Plan if the total number of shares the subject of Options, when aggregated with:

3.1 the number of shares in the same class which would be issued were each outstanding offer or option to acquire unissued shares in the Company, being an offer made or option acquired pursuant to the Plan or any other employee share scheme extended only to employees or directors of Group Companies, to be accepted or exercised (as the case may be); and

3.2 the number of shares in the same class issued during the previous five years pursuant to the Plan or any other employee share scheme extended only to employees or directors of Group Companies,

(but disregarding any offer made, or option acquired or share issued by way of or as a result of an offer to a person situated at the time of receipt of the offer outside Australia or any offer which, pursuant to Section 708 of the Corporations Act, does not need disclosure to investors), would exceed 5% of the total number of issued shares in that class of the Company as at the time of the proposed offer.

4. ENTITLEMENT TO PARTICIPATE

4.1 The Board may from time to time determine in its absolute and uncontrolled discretion that any Eligible Person is entitled to participate in the Plan and the extent of that participation. The determination of the Board shall be binding and neither the Board nor any director of the Company shall be obliged to give any reason for a determination.

4.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

4.3 Unless otherwise determined by the Board in its absolute and uncontrolled discretion, no Eligible Person shall be entitled to participate in the Plan unless that Eligible Person has been in continuous employment with a Group Company for at least 12 months prior to the Issue Date.

4.4 The Plan shall not form part of any contract of employment between any Group Company and any of its employees and shall not confer directly or indirectly on any such employee any legal or equitable right whatsoever against any Group Company.

5. OFFER OF OPTIONS

5.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Persons at such times and on such terms as the Board considers appropriate in its absolute and uncontrolled discretion. Each offer must state:

(a) that the Eligible Person to whom it is addressed may accept the whole or any lesser number of Options offered. The offer may stipulate a minimum number of Options and any multiple of such minimum or any other number which may be accepted;

(b) the period within which the offer may be accepted; and

(c) any other matters which the Board may determine.

5.2 Upon receipt of an offer of Options, an Eligible Person may, within the period specified in the offer:

(a) accept the whole or any lesser number of Options offered by notice in writing to the Board; or

(b) nominate a nominee in whose favour the Eligible Person wishes to renounce the offer by notice in writing to the Board. The Board may, in its absolute and uncontrolled discretion, resolve not to allow such renunciation of an offer in favour of a nominee without giving any reason for such decision.

5.3 Each Option will be issued free.

5.4 Upon:

(a) receipt of the acceptance referred to in paragraph 5.2(a); or

(b) the Board resolving to allow a renunciation of an offer in favour of a nominee ("**Permitted Nominee**") and the Permitted Nominee accepting the whole or any lesser number of Options offered by notice in writing to the Board,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be issued Options subject to these Rules.

5.5 Certificates for Options will be dispatched within 10 Business Days after their Issue Date (or within such lesser period (if any) as may be required by the Listing Rules).

5.6 If Options are issued to a Permitted Nominee of an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

6. QUOTATION

6.1 The Company will not apply for official quotation by ASX of any Options.

6.2 If the Company's Shares have been granted official quotation by ASX, the Company must apply for official quotation of all Shares allotted pursuant to the exercise of Options not later than 10 Business Days after the date of allotment (or within such lesser period (if any) as may be required by the Listing Rules).

7. NOT TRANSFERABLE

Subject to clause 10.3, Options are not transferable.

8. EXERCISE OF OPTIONS

8.1 Subject to these Rules, Options may be exercised at any time during the period commencing after the Issue Date and ending on the Expiry Date.

8.2 Options not exercised on or before the Expiry Date will automatically lapse.

8.3 Options may only be exercised by notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:

(a) the Exercise Price for the number of Options specified in the notice; and

(b) the Certificate for those Options, for cancellation by the Company.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque).

8.4 Subject to clause 8.2, within 10 Business Days after the notice referred to in clause 8.3 becomes effective (or within such lesser period (if any) as may be required by the Listing Rules), the Board must:

(a) allot and issue the number of Shares specified in the notice to the Holder;

(b) cancel the Certificate for the Options being exercised; and

(c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

9. SHARES ALLOTTED ON EXERCISE OF OPTIONS

All Shares allotted upon exercise of Options rank pari passu in all respects with Shares previously issued and, in particular, entitle the Holders to participate fully in:

9.1 dividends declared by the Company after the date of allotment; and

9.2 all issues of securities made or offered pro rata to holders of Shares.

10. CEASING TO BE AN ELIGIBLE PERSON

10.1 If at any time prior to the Expiry Date of any Options, an Eligible Person ceases to be an Eligible Person for any reason other than Retirement, Permanent Disability, Redundancy or death, all Options held by such Eligible Person or his Permitted Nominee (as the case may be), will, to the extent that they have not been exercised beforehand, automatically lapse on the first to occur of:

(a) The expiry of the period of 1 calendar month from the date of such occurrence, and

(b) The Expiry Date.

10.2 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the date of such occurrence.

10.3 If at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's legal personal representative may:

(a) elect to be registered as the new Holder of the deceased Holder's Options;

(b) whether or not he becomes so registered, exercise those Options as if it were the Holder of them in accordance with these Rules; and

(c) if the deceased Holder had already given the Company a notice of exercise of his Options, pay the Exercise Price in respect of those Options.

11. ENTITLEMENT TO PARTICIPATE IN FUTURE ISSUES

11.1 New Issues

Holders may only participate in new issues of securities to holders of Shares if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give at least nine Business Days' notice (or such greater period of notice (if any) as may be required by the Listing Rules) to Holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

11.2 Bonus Issues

If there is a bonus share issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). Upon issue the Bonus Shares will rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

11.3 Pro Rata Issue

If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares, the Exercise Price of an Option will be reduced according to the following formula:

$$A = O - \frac{E\,[P - (S+D)]}{N + 1}$$

A = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of Shares into which one Option is exercisable.

P = the average closing sale price per Share (weighted by reference to volume) recorded on the stock market of ASX during the 5 trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises).

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

11.4 Reorganisation of Capital

If, prior to the expiry or lapse of any Options, there is a reorganisation of the issued capital of the Company, those Options will be reorganised to the extent necessary to comply with the Listing Rules.

11.5 Advice

In accordance with the Listing Rules, the Company must give notice to each Holder of any adjustment to the number of Shares for which the Holder is entitled to subscribe or to the Exercise Price pursuant to the provisions of clauses 11.2, 11.3 or 11.4.

12. EXERCISE PRICE OF OPTIONS

The Exercise Price of each Option will be determined by the Board when it resolves to offer the Option and will be not less than the Market Value of a Share at that time.

13. AMENDMENTS TO THE RULES

The Board may alter, delete or add to these Rules at any time (save for the provisions of clause 3), but, where the Company is admitted to the Official List of ASX, its resolution to do so has no effect unless the requirements of the Listing Rules in relation to the alteration, deletion or addition have been complied with.

14. NOTICES

Notices may be given by the Company to any Holder either personally or by sending by post to his address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices of any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or Secretary of the Company. A notice of exercise of Options shall not be deemed to be served on the Company until actually received.

NORTHERN STAR RESOURCES LTD
ABN 43 092 832 892

Registered office:
129 Edward Street, Perth WA 6000
Postal address:
PO Box 8178, Perth Business Centre, Perth WA 6849
Facsimile: 08 9227-8178

PROXY FORM

I ....of..

Name of shareholder — Address of shareholder

being a member of Northern Star Resources Ltd hereby appoint

....of..

Name of proxy — Address of proxy

or failing him, the Chairman of the meeting as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on 17 November 2006 and at any adjournment thereof.

If no person is named above or if the person named does not attend the meeting or is not a legally effective choice the Chairman of the meeting will be my/our proxy to vote for me/us on my/our behalf at the meeting or any adjournment of the meeting.

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in the box to the right. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolutions and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote those proxies without specific direction in favour of each of the Resolutions. ☐

I/We understand that if I/we have not directed my/our proxy how to vote, my/our proxy may vote or abstain from voting as he or she thinks fit.

RESOLUTIONS

		FOR	AGAINST	ABSTAIN
1a)	Election of Director – Mr T Ransted	☐	☐	☐
1b)	Election of Director –Mr G Lethridge	☐	☐	☐
1c)	Election of Director – Mr P Langworthy	☐	☐	☐
2)	Remuneration report	☐	☐	☐
3)	Renewal of ESOP	☐	☐	☐

Dated this day of 2006

If the member is a company, then it shall execute in accordance with the Corporations Act 2001 or sign by a duly authorised officer.

EXECUTED by)
)
ACN/ABN)
in accordance with the Corporations Act, 2001)
)

....
Director/Company Secretary*

....
Director/Sole Director and Sole Company Secretary*

....
Name of Director/Company Secretary*
(BLOCK LETTERS)

....
Name of Director/Sole Director and Sole Company Secretary* (BLOCK LETTERS)

*Delete whichever is not applicable

OR

....
Signature

....
(Insert capacity in which duly authorised officer is signing for a member which is a company)

If the member is an individual or joint holders:

....
Signature

....
Signature

PROXY FORM – instructions for completion

1. A member entitled to attend and vote at the General Meeting convened by the above Notice is entitled to appoint not more than 2 proxies to vote on the member's behalf.

2. Where 2 proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise half of the member's voting rights.

3. A proxy need not be a member.

4. Proxy forms (and the power of attorney, if any, under which the proxy form is signed) must be received at 129 Edward Street, Perth, Western Australia, fax number (08) 9227 8178 no later than 48 hours before the time fixed for holding the meeting.

5. Appointment of a proxy by a member being a natural person must be under the hand of the member or of an attorney appointed in writing by the member.

6. Appointment of a proxy by a member being a body corporate must be under the common seal of the body corporate or under the hand of an attorney appointed in writing by the body corporate.

7. If signing under a power of attorney, the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is lodged.

8. The proxy appointment may be a standing appointment for all general meetings until it is revoked.

9. As permitted by the Corporations Act 2001, the Company has determined that all securities of the Company registered as at 48 hours before the time appointed for the meeting will be taken for purposes of the meeting, to be held by the persons who are the registered holders thereof at 5.00pm (WST) on 14 November 2006. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.