NORTHERN STAR RESOURCES LTD
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25 October 2006

Dear Shareholder

PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE

As you may be aware, the Company will shortly be offering to you an opportunity to acquire more shares in the Company pursuant to a pro-rata non-renounceable rights issue to shareholders of approximately 25,687,501 fully paid ordinary shares ("**Shares**") together with approximately 12,843,750 free attaching options, each to acquire one Share at $0.20 on or before 30 September 2008 ("**New Option**"), on the basis of two (2) Shares and one (1) free attaching New Option for every four (4) Shares held on the Record Date of 2 November 2006 at an issue price of $0.12 per Share, to raise approximately $3,082,500 ("**Rights Issue**").

The purpose of the Rights Issue is to raise funds for the following:

(a) the pursuit of high grade epithermal mineralisation within the Wilson River, Dunham and Tunganary Projects, including the continued drill testing of the mineralisation at the Range Prospect;
(b) the exploration for mafic-hosted magmatic nickel-copper-PGE sulphide mineralisation within the Red Billabong, Springvale, Toby, McGowan and Foal Creek Projects;
(c) the assessment of the prospectivity of zinc mineralisation at Emull within the Red Billabong Project;
(d) evaluation of the Wilson River, Dunham and Tunganary Projects to assess the uranium potential of these areas;
(e) funding the costs of the Rights Issue; and
(f) funding of other corporate requirements.

The following additional information is provided to you in accordance with the requirements of the Listing Rules of the Australian Stock Exchange Limited ("**ASX**"):

1. The Company will apply for quotation of the Shares and New Options issued pursuant to the Rights Issue on the official list of the ASX.
2. The Shares to be issued will rank equally in all respects from the date of allotment with existing quoted ordinary shares.
3. Following completion of the Rights Issue, the following securities will be listed on ASX (assuming the Rights Issue is fully subscribed and none of the existing options are exercised):

Ordinary Shares	77,062,503
New Options to be issued under the Rights Issue	12,843,750

4. Following completion of the Rights Issue, the securities of the Company not quoted on ASX are as follows:

Unlisted options (each with an exercise price of $0.25 and an expiry date of 16 December 2006)	13,375,000
Unlisted options (each with an exercise price of $0.20 and an expiry date of 16 December 2008)	5,000,000
Unlisted options (each with an exercise price of $0.30 and an expiry date of 31 December 2008)	500,000
Unlisted options (each with an exercise price of $0.45 and an expiry date of 31 December 2009)	250,000
Unlisted options (each with an exercise price of $0.60 and an expiry date of 31 December 2010)	250,000

Maximum number of New Options to be issued to Paradigm Capital Ltd as part consideration for their corporate advisory services provided to the Company in relation to the Rights Issue	500,000

5. No dividends have been paid by the company during this financial year and any dividends on the increased capital will depend on profits earned
6. Shareholder approval is not required for the Rights Issue.
7. Holdings on different registers (or subregisters) will not be aggregated for calculating entitlements.
8. In determining the entitlement of shareholders, any fractional entitlement will be rounded up to the nearest whole number.
9. The Company will not be sending an offer under the Rights Issue to security holders in the following countries – United States and Canada
10. The Rights Issue is not underwritten.
11. There is no broker to the Rights Issue.
12. The Prospectus for the Rights Issue ("**Prospectus**") and the accompanying Entitlement and Acceptance Form will be sent to you on 9 November 2006.
13. Existing option holders may participate in the Rights Issue upon exercise of their options. The Company will send a notice to option holders by no later than 25 October 2006 to notify option holders of their right to participate in the Rights Issue upon exercise of their options.
14. A timetable is enclosed.

Event	Business Day
Announcement of Rights Issue	18 October 2006
Prospectus Lodged at ASIC	24 October 2006
Application to ASX for Official Quotation of the New Shares	24 October 2006
Notification of Rights Issue sent to Option holders	25 October 2006
Notice sent to shareholders containing information required by Appendix 3B	26 October 2006
"Ex" Date (date Shares are quoted ex-rights)	27 October 2006
Record Date to Determine Entitlements	2 November 2006
Prospectus with Entitlement and Acceptance Form Despatched	9 November 2006
Closing Date for Acceptance and Receipt of Applications under the Rights Issue*	27 November 2006
New Shares and New Options quoted on a deferred settlement basis	28 November 2006
ASX notified of any under subscriptions	30 November 2006
Despatch date	5 December 2006

**These dates are indicative only. The Directors reserve the right to vary the key dates, without prior notice and subject to compliance with the ASX Listing Rules.*

15. This offer will be made pursuant to the Prospectus and if you wish to participate in the Rights Issue, you will need to complete the relevant application form that will accompany the Prospectus.
16. The closing date for receipt of acceptances is 5.00pm WST on 27 November 2006.
17. If you wish to participate in any shortfall that may arise under the Rights Issue, you should complete the Shortfall Application Form attached to the Prospectus and lodge the Shortfall Application Date before 5.00pm WST on 27 October 2006.

The Prospectus has been lodged with the ASX and is available at www.nsrltd.com.

If you have any queries regarding your entitlement or participation in the upcoming Rights Issue, please do not hesitate to contact your stockbroker or financial advisor or the Company's share registry, Advanced Share Registry Services on +61 8 9389 8033.

Yours sincerely

Charles Wilkinson
Managing Director