



NORTHERN STAR
RESOURCES LIMITED

Paulsens Project resource soars 41% to 318,000oz as 2012 surplus cashflow forecast hits \$35m

Increases in mine life, production and cashflow at flagship project, combined with ~\$80m cash post-raising, sets up Northern Star for rapid growth via increased production, exploration and acquisition

ASX ANNOUNCEMENT
21 FEBRUARY 2012

Australian Securities Exchange
Code: NST

Board of Directors

Mr Chris Rowe
Non-Executive Chairman

Mr Bill Beament
Managing Director

Mr Michael Fotios
Non-Executive Director

Mr Peter Farris
Non-Executive Director

Ms Karen Brown
Company Secretary

Issued Capital

Shares
352 M (402M post raising)

Options 24M

Current Share Price
\$1.085

Market Capitalisation
\$382 million

Cash/Bullion in Bank: Post Raising
~\$80 million

Projects

Paulsens
Ashburton
Range
Emull

Commodities

gold
gold
gold, silver
Zn, Cu, gold

Highlights

- ▶ Resources at Paulsens Project soar 41% to 318,000oz (75,000oz mined since last estimate)
- ▶ Northern Star set to generate \$35m in surplus cash in CY2012 (gold price A\$1550/oz) – even after spending \$15m on expansion capital
- ▶ Cash on hand of ~\$80m, including proceeds of \$45m raising (see separate ASX announcement today), leaving Northern Star poised for rapid growth
- ▶ Maiden reserve for Northern Star at Paulsens of 113,000oz
- ▶ Further increase in gold inventory expected with release of maiden resource on Voyager 2 lode at Paulsens in mid-2012
- ▶ Key Voyager 1 resource grade 10.5gpt - 30% increase compared with previous estimate
- ▶ Voyager 1 remains open at depth with numerous assays pending
- ▶ Maiden resource at Merlin of 24,000oz and Belvedere of 18,000oz, all within 20km of Paulsens
- ▶ 2012 production forecast steady at 75-80,000oz; forecast cash costs of \$600-\$650/oz
- ▶ Paulsens production expansion on track to hit 100,000ozpa by December
- ▶ At Ashburton Project, studies progressing well on stand-alone 100,000ozpa operation

Northern Star Resources (ASX: NST) is pleased to announce that it is poised for another highly successful year in calendar 2012, with surplus cashflow forecast to hit \$35 million and the annual production rate set to rise to 100,000oz.

The WA gold miner has made an excellent start to hitting these targets, announcing today that the JORC-compliant resource estimate for its flagship Paulsens Project has increased 41 per cent to 318,000oz (see *table 1*). This compares with the previous estimate of 226,000oz and comes after 75,000oz was mined in the intervening period.

The \$35 million surplus cashflow forecast comes after allowing for \$15 million in capital expenditure associated with the production increase.

Northern Star currently has cash and bullion of \$38.4 million. When combined with the proceeds of the \$45 million share placement (see *today's separate ASX announcement*), the Company has a cash of ~\$80 million to fund its plans for rapid growth through aggressive exploration, production and acquisitions.

The increased resource estimate at Paulsens comprises of 197,000oz underground, 61,000oz in the planned open pit and 5,000oz in stockpiles (see *Figure 1*). In addition there are new satellite resources that make up the Paulsens Project, these being Merlin, Belvedere and the Mt Clement JV where 13,000 ounces are currently attributable.

31 December 2011	Measured		Indicated		Inferred		Total		
	Tonnes (,000)	Grade (g/t)	Tonnes (,000)	Grade (g/t)	Tonnes (,000)	Grade (g/t)	Tonnes (,000)	Grade (g/t)	Oz Au (,000)
Open Pit			573	2.5	169	2.5	742	2.5	61
Paulsens Upper Levels			136	7.1	32	5.0	168	6.7	36
Voyager 1	57	11.1	318	8.9	101	15.5	476	10.5	161
Paulsens Stockpiles									5
Belvedere			45	2.8	123	3.5	168	3.3	18
Merlin					523	1.4	523	1.4	24
Mt Clement JV					226	1.8	226	1.8	13
Total	57	11.1	1073	5.0	1174	3.2	2304	4.3	318

Table 1 - Paulsens Resources @ 2.5g/t Au Lower Cut-Off Underground and 1.0g/t Au Lower Cut-Off Open Pit

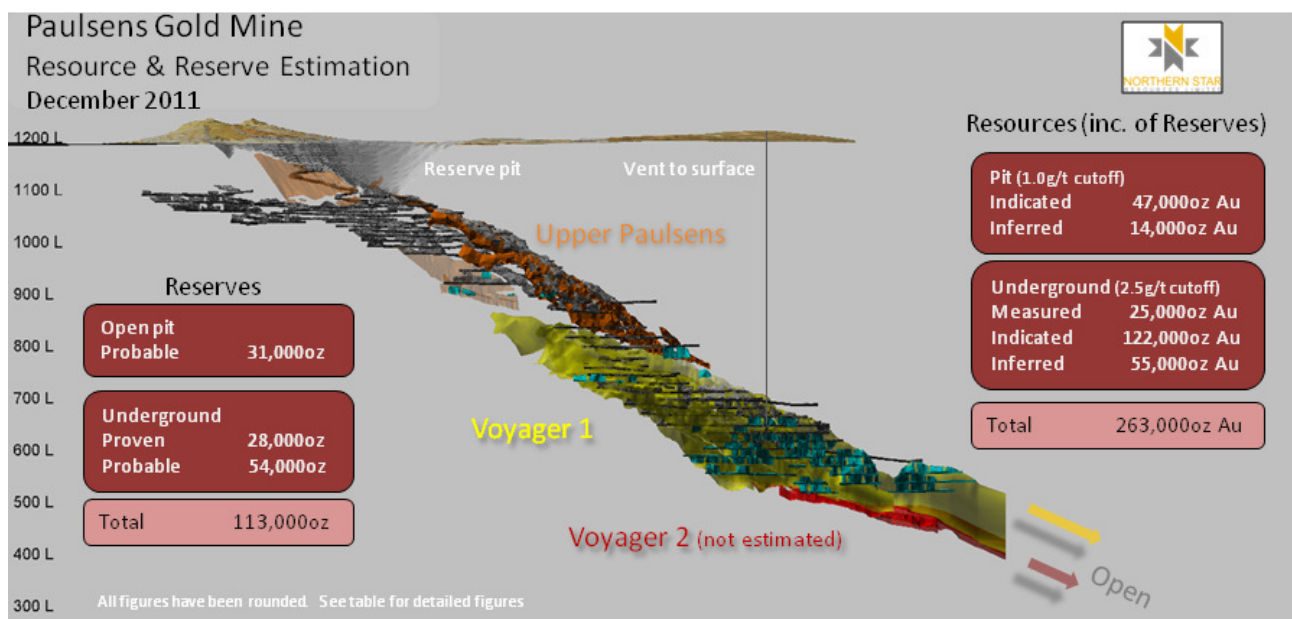


Figure 1 - Long Section of Paulsens Mine Open Pit and Underground Mineral Resource and Reserves

The revised resource figure does not include the recently-discovered Voyager 2 lode at Paulsens, where Northern Star has recorded a host of high-grade intersections including 0.8m at 12,178gpt. A maiden resource for Voyager 2 is expected to be released in mid-2012.

The total resource upgrade includes maiden resources on the 100% owned Belvedere prospect of 18,000oz and the Merlin prospect of 24,000oz, 5km and 20km respectively from the Paulsens plant (see Figure 2).

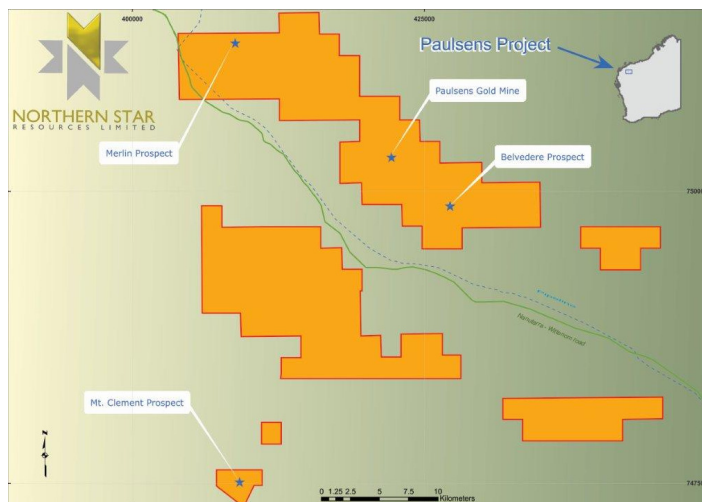


Figure 2 - Location Plan of Paulsens Gold Project

Importantly the key Voyager 1 resource grade of 10.5gpt has increased 30% from the 2010 estimate and takes the overall pre-mined resource estimate to above 300,000oz. The quartz structure is now up to 550m in strike on the lower mine levels, up from the consistent 300m and remains open at depth (see Figure 3).

With only 130,000oz mined to date out of Voyager 1, extensional and grade control drilling is ongoing with numerous assays pending, the Company believes there are still a number of years of production in this lode.

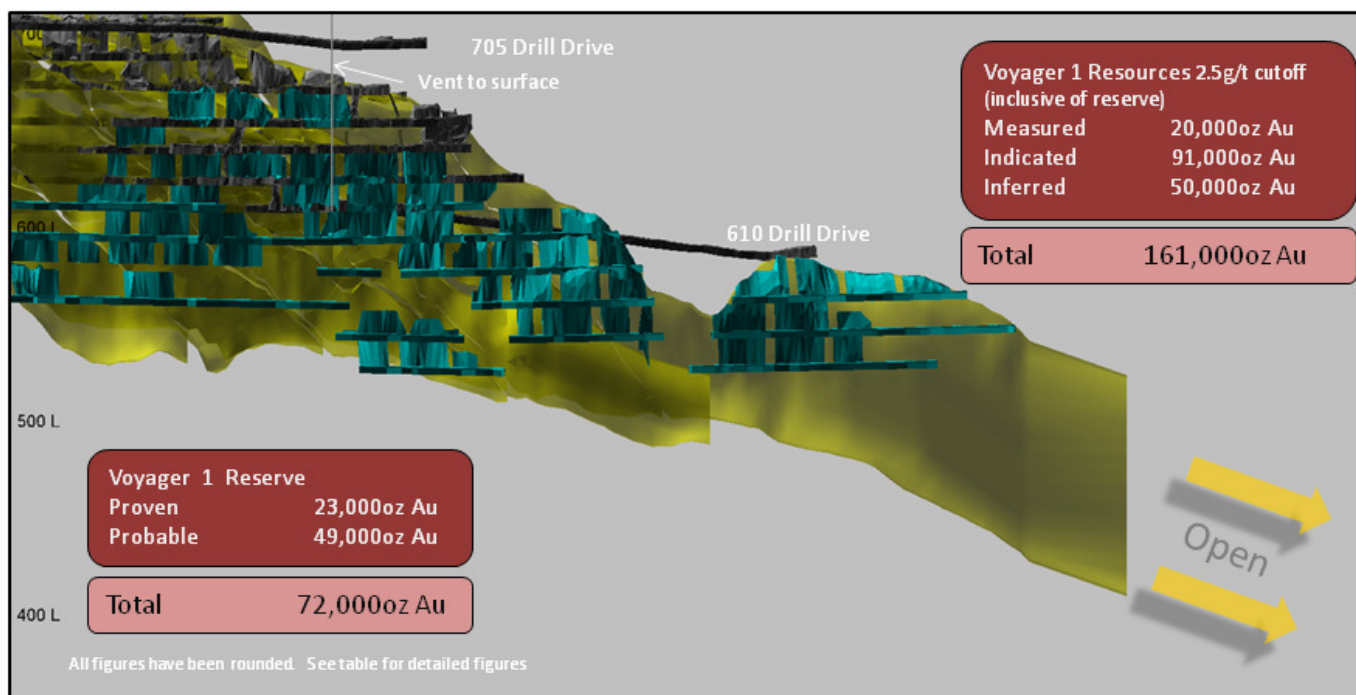


Figure 3 - Long Section of Voyager 1 Resource and Reserve

In addition to the updated resource, a JORC-compliant Reserve of 113,000 ounces has been estimated on Paulsens (refer to table 2). This is the first Reserve estimate at Paulsens since 2008 and is a 135% increase on the previously released figure.

The Reserve estimate, which is a subset of the Mineral Resource total, comprises 77,000 ounces underground, 31,000 ounces in the open pit and 5,000 ounces in stockpiles.

31 December 2011	Proven		Probable		Total		
	Tonnes (,000)	Grade (g/t)	Tonnes (,000)	Grade (g/t)	Tonnes (,000)	Grade (g/t)	Oz Au (,000)
Open Pit			424	2.3	424	2.3	31
Paulsens Upper Levels			39	4.0	39	4.0	5
Voyager 1	117	6.1	248	6.1	365	6.1	72
Paulsens Stockpiles	6	5.9			6	5.9	1
GIC and CIT							4
Total	123	6.1	711	3.7	834	4.1	113

Table 2 - Paulsens Reserves Underground and Open Pit

Production at Paulsens is scheduled to be steady at 75,000-80,000 ounces this year with forecast cash costs of A\$600-A\$650/oz. When the planned expansion to the Paulsens processing plant is completed in December, the annualised production rate will climb to 100,000oz.

Northern Star Managing Director Bill Beament said the updated financial forecasts and increased resource inventory showed the Company was not only set for another highly successful year, but was also making the transition to a substantial mining house with a lucrative long-term future.

"Northern Star beat all its key performance targets for 2011 and has made a superb start to what is shaping up as an even better 2012," Mr Beament said.

"Thanks to strong production, tight cost control and the high gold price, Paulsens is extremely profitable, enabling the Company to bank money at a substantial rate. This cash generation is also underpinning an aggressive exploration program which is paying dividends in spades, as this resource upgrade shows."

"As a result, we now have several years of mining in front of us at Paulsens with further increases in resources to come from Voyager 2 and ongoing drilling at Voyager 1 and elsewhere within the Project."

"We are also looking forward to expanding production at Paulsens to 100,000ozpa later this year and establishing the business case for a 100,000ozpa stand-alone project at Ashburton."

"With the recent introduction of large London based institutions onto the share register, the extra support and money they bring and our existing cash balance, Northern Star is well poised to rapidly expand through increasing production, exploration and acquisition."

Yours faithfully,



Bill Beament
Managing Director
Northern Star Resource Ltd

Competent Persons Statements

The information in this announcement that relates to Paulsens Project mineral resource estimation, 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, (Member AIG), who is a full-time employee of Northern Star Resources Ltd. 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 2004 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 Ore Reserves has been compiled by Shane McLeay, Principal Engineer – Entech Pty Ltd, 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 2004 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

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