ASX Announcement
13 February 2019

APPENDIX 4D: HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

Results for announcement to the market

Half-year ended 31 December 2018

Half-year ended 31 December 2017 (previous corresponding period)

			$'000
Revenue from ordinary activities	Up	43.0%	633,515
Profit from ordinary activities after tax attributable to members	Up	4.0%	82,090
Net profit for the period attributable to members	Up	4.0%	82,090

Distributions

	Amount per security	Franked amount per security
Interim dividend (per share)	6 cents	6 cents

Record date of interim dividend	14 March 2019
Payment date of interim dividend	4 April 2019
Franking	100% franked

The financial effect of the current reporting period interim dividend has not been brought to account in the financial statements for the period ended 31 December 2018 and will be recognised in subsequent financial reports.

	31 December 2018	31 December 2017
Net tangible asset per security	$1.61	$1.12

Explanation of results

Requirement	Title	Reference
Review of results	Operating and Financial Overview	Page 4
A statement of comprehensive income	Condensed Consolidated Statement of Profit or Loss & Other Comprehensive Income	Page 9
A statement of financial position	Condensed Consolidated Statement of Financial Position	Page 10
A statement of retained earnings	Condensed Consolidated Statement of Changes in Equity	Page 11
A statement of cash flows	Condensed Consolidated Statement of Cash Flows	Page 12
Earnings per share	Condensed Consolidated Statement of Profit or Loss & Other Comprehensive Income	Page 9

Changes in controlled entities

On 28 September 2018, Northern Star Resources Ltd ("NST") completed the acquisition of the Pogo underground gold mine in Alaska. The acquisition was carried out through NST's wholly owned US subsidiary Northern Star (Alaska) LLC. This entity acquired all of the shares of Sumitomo Metal Mining Pogo LLC and SC Pogo LLC. Refer to note 18 of the Financial Report for further details.

The Group did not gain or lose control over any other entities during the period.

Associate and joint venture entities

Associate	Principal Activities	31 December 2018	31 December 2017
Superior Gold Inc.	Production & Development	19.16%	19.18%
Echo Resources Ltd	Exploration	22.74%	N/a

APPENDIX 4D: HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Joint Ventures	Principal Activities	31 December 2018	31 December 2017
FMG JV	Exploration	66.31%	65.41%
Mt Clement JV	Exploration	20.00%	20.00%
East Kundana Production JV	Production & Development	51.00%	51.00%
Kanowna West JV	Exploration	89.70%	87.07%
Kalbara JV	Exploration	69.38%	63.03%
West Kundana JV	Exploration	75.50%	75.50%
Zebina JV	Exploration	80.00%	80.00%
Acra JV	Exploration	20.00%	20.00%
Roberston JV	Exploration	40.00%	40.00%
Cheroona JV	Exploration	49.00%	49.00%

The joint arrangements listed above are classified as joint operations and are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not themselves generate revenue and profit. The joint operations 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 operations are accounted for in accordance with the Group's accounting policy set out in the notes to the consolidated annual financial report as at 30 June 2018.

Audit

The report is based on financial statements which have been subject to a review by Deloitte.

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HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (**Group**) consisting of Northern Star Resources Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

COMPANY OVERVIEW

CORPORATE DIRECTORY

Directors (during the financial period and up to the date of this report):

Bill Beament	(Executive Chairman)
John Fitzgerald	(Lead Independent Director)
Christopher Rowe	(Non-Executive Director)
Peter O'Connor	(Non-Executive Director)
Shirley In't Veld	(Non-Executive Director)

Chief Executive Officer
Stuart Tonkin

General Counsel & Company Secretary
Hilary Macdonald

Chief Financial Officer
Ryan Gurner

Chief Geological Officer
Michael Mulroney

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REVIEW OF OPERATIONS AND RESULTS

OVERVIEW OF THE GROUP'S PRINCIPAL ACTIVITIES

The Group's principal activities during the period consisted of:

- mining of gold deposits at Kanowna Belle, East Kundana Joint Venture, Millennium, South Kalgoorlie and Jundee in Western Australia, and at Pogo in Alaska, USA;
- construction and development of extensions to existing gold mining operations at all locations;
- exploration and development of gold deposits within Western Australia and Alaska;
- exploration at the Tanami Project in the Northern Territory; and
- exploration at Paulsens in Western Australia.

DIRECTOR'S REPORT

MINE OPERATIONS REVIEW

All ore has been sourced from the Jundee, Kalgoorlie and Pogo gold operations. During the reporting period, a total of 423,243* ounces of gold was sold at an average realised price of A$1,700 per ounce, with an average all-in sustaining cost for the period of A$1,295* per ounce.

	Measure	Jundee	Kalgoorlie Operations	Pogo^	Total*^
Total Material Mined	tonnes	1,009,016	1,478,832	408,772	2,896,620
Total Material Milled	tonnes	1,081,949	1,440,366	399,816	2,922,131
Gold Grade	grams/tonne	4.5	3.7	9.1	4.7
Gold Recovery	%	90%	92%	89%	91%
Gold Produced	ounces	140,252	156,020	104,580	400,852
Gold Sold	ounces	142,421	163,721	117,101	423,243
Revenue	A$000's	243,484	291,247	98,784	633,515
Cost of Sales	A$000's	138,796	242,060	101,506	482,362
Depreciation & Amortisation	A$000's	19,246	66,508	17,246	103,000
Mine Operations EBITDA	A$000's	123,934	115,694	11,046	250,674
All-in Sustaining Cost (AISC)	A$/ounce sold	978	1,363	1,586	1,295

* Northern Star completed the Pogo acquisition on 28 September 2018 but received financial benefit from 1 July 2018. All operational physical metrics presented are inclusive of September 18 and December 18 quarter results of Pogo operations (i.e. Total Material Mined, Total Material Milled, Gold Grade, Gold Recovery, Gold Produced, Gold Sold and AISC/oz)

^ Financial performance metrics presented above (i.e. Revenue, Cost of Sales, Depreciation & Amortisation and Mine Operations EBITDA) are inclusive of December 18 quarter results of Pogo operations only

EXPLORATION REVIEW

Consolidation of the Group's Mineral Resources and Ore Reserves across the operations remains a strong focus for the Company, building on the significant mine life growth achieved to date. During the reporting period, the Group's in-mine drilling activity continued at high levels with a continuing focus on resource conversion and extension programs.

Regional exploration maintained a high level of activity across all sites including the Tanami, South Kalgoorlie and Pogo areas prior to tapered activity due to the onset of the northern "wet" season and storm events across the Eastern Goldfields. Pogo exploration ceased for the winter break with all activities relocated to the mine lease area.

DIRECTOR'S REPORT

FINANCIAL OVERVIEW

A$'000	Ended 31 Dec 2018 (1)	Ended 31 Dec 2017	$'000 Change	% Change
Revenue	**633,515**	443,696	189,819	43%
EBITDA (2)	**221,795**	201,738	20,057	10%
Net profit	**82,090**	79,090	3,000	4%
Underlying net profit (3)	**89,101**	80,168	8,933	11%
Cash flow from operating activities	**169,134**	126,787	42,347	33%
Cash flow used in investing activities	**(518,099)**	(126,067)	(392,032)	311%
Sustaining capital	**(60,822)**	(41,139)	(19,683)	48%
Non-sustaining capital	**(50,164)**	(33,982)	(16,182)	48%
Exploration	**(52,414)**	(21,804)	(30,610)	140%
Payments for investments	**(5,163)**	(26,007)	20,844	(80%)
Acquisition of businesses/assets	**(350,550)**	(4,000)	(346,550)	8,664%
Other investing	**1,014**	865	149	17%
Free cash flow (4)	**(348,965)**	720	(349,685)	(48,567%)
Underlying free cash flow (5)	**41,724**	61,098	(19,374)	(32%)
Average gold price per ounce (A$)	**1,700**	1,678	22	1%
Gold mined (ounces) (6)	**453,883**	293,990	159,893	54%
Gold sold (ounces) (6)	**423,243**	267,278	155,965	58%
All-in sustaining costs (AISC) per ounce sold (A$) (6)	**1,295**	1,043	252	24%
Cash and cash equivalents	**229,825**	368,054	(138,229)	(38%)
Earnings Per Share (cents)	**13.0**	13.1	(0.1)	(1%)

(1) Unless otherwise stated, the metrics for the period ended 31 December 2018 as presented in the Financial Overview Table are inclusive of the December 18 quarter results of Pogo operations only.

(2) EBITDA is earnings before interest, tax, depreciation, amortisation and impairment and is calculated as follows: 31 Dec 18 - Profit before Income tax ($113.6 million) plus depreciation ($33.6 million), amortisation ($70.3 million), impairment ($2.0 million) and finance costs ($5.2 million) less interest income ($2.9 million). 31 Dec 17 - Profit before Income tax ($111.4 million) plus depreciation ($28.2 million), amortisation ($62.7 million), impairment ($1.9 million) and finance costs ($1.4 million) less interest income ($3.9 million).

(3) Underlying net profit is calculated as follows: 31 Dec 18 - Net profit ($82.1 million) plus acquisition and integration costs ($10.0 million), less tax effect ($3.0 million). 31 Dec 17 - Net profit ($79.1 million) plus acquisition and integration costs ($1.5 million), less tax effect ($0.4 million).

(4) Free Cash Flow is calculated as operating cash flow minus investing cash flow. 31 Dec 18 - operating cash flow ($169.1 million) minus investing cash flow ($518.1 million); 31 Dec 17 - operating cash flow ($126.8 million) minus investing cash flow ($126.1 million).

(5) Underlying Free Cash Flow is calculated as follows: 31 Dec 18 - free cash flow (-$349.0 million), plus net payment to acquire business ($350.5 million), plus stamp duty ($1.2 million), plus payment for investments ($5.2 million), payment to Tanami Gold NL for exercise of put option ($20.0 million), plus FY18 tax ($2.7 million), plus loan to Venturex Resources Ltd ($1.0 million), plus bullion awaiting settlement ($5.2 million), plus working capital adjustment ($4.9 million). 31 Dec 2017 - free cash flow ($0.7 million) plus financial assets at fair value through OCI ($26.0 million), plus M&A ($4.0 million), plus FY17 tax ($35.2 million), plus working capital adjustment ($7.7 million), less bullion awaiting settlement ($12.5 million).

(6) Gold mined, Gold sold & AISC/oz presented are inclusive of September 18 quarter and December 18 quarter results of Pogo operations.

EBITDA, underlying net profit, underlying free cash flow and All-in Sustaining Costs (AISC) are unaudited non IFRS measures.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Northern Star Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Profit

The Group recorded a 4 percent increase in net profit for the six months to 31 December 2018 compared to the prior half year ended 31 December 2017. Revenue increased 43 percent due to increased gold sold (H1 2019: 363,676oz; H1 2018: 267,278oz) as well as an increase in price (H1 2019 $1,700/ounce; H1 2018 $1,678/ounce). Cost of sales also increased with higher production and Pogo operations. The Group incurred other one-off acquisition and integration costs relating to Pogo

DIRECTOR'S REPORT

operations during the period of $8.1 million. Financing costs were higher during H1 2018 ($5.2 million) than H1 2017 ($1.4 million) principally due to the recognition of acquisition related closure liabilities from South Kalgoorlie operations and Pogo operations.

Balance Sheet

Total assets have increased to $1.6 billion ($1.2 billion June 2018) primarily due to increases in inventory, property, plant and equipment and mine properties relating to the acquisition of Pogo which completed 28 September 2018. Exploration and evaluation assets have increased by $19.5 million driven by the Company's continued focus on regional and in-mine exploration programs across all operations.

Cash and cash equivalents reduced by $213.2 million during the period primarily as a result of the investment in Pogo gold mine ($350.5 million), Tanami purchase ($20 million) and payment of the final dividend for June 2018 of $32.0 million. Total liabilities increased to $551.3 million ($395 million June 2018) largely due to the addition of the Pogo gold mine rehabilitation provision assumed on acquisition ($75.2 million).

Cash Flow

Operating cash outflows for the period ended 31 December 2018 increased to $169.1 million ($126.8 million: 31 December 2017) due to higher gold sales offset by additional operating costs associated with the increase in gold production. In respect of investing cash flows, after adjusting for acquisition costs associated with the Pogo gold mine ($350.5 million), cash outflows from investing activities increased by $41.5 million. A large element of this increase, $30.6 million, arose from the Group's continued investment in its extensive exploration programs.

Cash outflows from financing activities were $134.6 million for the six-month period ended 31 December 2018 ($35.7 million outflow: 31 December 2017). This increase was driven by the $174.4 million capital raising undertaken partially finance the acquisition of Pogo.

Dividends Paid

Dividends paid to members during the financial period were as follows:

	2018 $'000	2017 $'000
Final dividend for the year ended 30 June 2018 of 5 cents (2017: 6 cents) per fully paid share paid on 28 September 2018 (2017: 13 September 2017)	**31,973**	36,190

In addition to the above dividend, since the end of the financial period the Directors have recommended the payment of an interim ordinary dividend of $38.4 million (6 cents per fully paid share) to be paid on 4 April 2019 out of retained earnings at 31 December 2018.

Dividends Recommended But Not Yet Paid

Subsequent to the period ended 31 December 2018 the Company announced an interim fully franked dividend of 6 cents per share to Shareholders on the record date of 14 March 2019, payable on 4 April 2019.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect, the Group's operations, results or state of affairs, or may do so in future years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

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DIRECTOR'S REPORT

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of Directors under section 306(3) of the Corporations Act 2001 dated 12 February 2019.

Bill Beament

BILL BEAMENT
Executive Chairman
Perth, Western Australia

12 February 2019

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Northern Star Resources Limited
Level 1, 388 Hay St
Subiaco, WA 6008

12 February 2019

Dear Directors

Auditor's Independence Declaration to Northern Star Resources Limited and its controlled entities

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Northern Star Resources Limited.

As lead audit partner for the review of the financial statements of Northern Star Resources Limited for the financial half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

DNewman

David Newman
Partner
Chartered Accountants

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FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 31 December 2018	Notes	31 December 2018 $'000	31 December 2017 $'000
Revenue	5	633,515	443,696
Cost of sales	7(a)	(482,362)	(309,796)
		151,153	133,900
Other income and expense	6	4,862	5,317
Corporate and technical services	7(b)	(25,176)	(23,037)
Acquisition and integration costs	7(c)	(10,015)	(1,540)
Impairment of assets	7(d)	(1,974)	(1,883)
Finance costs	7(e)	(5,208)	(1,394)
Profit before income tax		113,642	111,363
Income tax expense		(31,552)	(32,273)
Profit for the period		82,090	79,090
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of financial assets at fair value through OCI		(16,693)	7,941
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		188	(207)
Exchange differences on translation of foreign operations		8,329	-
Income tax relating to these items		5,008	(2,382)
Other comprehensive income for the period, net of tax		(3,168)	5,352
Total comprehensive income for the period		78,922	84,442
Total comprehensive income for the period is attributable to:			
Owners of Northern Star Resources Ltd		78,922	84,442
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		13.0	13.1
Diluted earnings per share		12.8	12.9

FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2018 $'000	30 June 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents		229,825	442,997
Trade and other receivables	8	47,480	31,136
Inventories	9	120,973	83,941
Current tax asset		9,666	-
Total current assets		407,944	558,074
Non-current assets			
Trade and other receivables	8	2,867	1,688
Derivative financial instruments		2,288	5,712
Financial assets at fair value through other comprehensive income		17,469	42,132
Investments accounted for using the equity method		27,809	15,399
Property, plant and equipment		496,455	139,044
Exploration and evaluation assets	10	245,189	225,735
Mine properties	11	381,862	212,788
Intangible assets		14,583	16,298
Total non-current assets		1,188,522	658,796
Total assets		1,596,466	1,216,870
LIABILITIES			
Current liabilities			
Trade and other payables		168,581	140,073
Borrowings	12	17,630	7,610
Current tax liabilities		-	14,959
Provisions	13	32,472	37,459
Total current liabilities		218,683	200,101
Non-current liabilities			
Borrowings	12	23,941	9,513
Provisions	13	207,826	128,686
Deferred tax liabilities		100,819	57,134
Total non-current liabilities		332,586	195,333
Total liabilities		551,269	395,434
Net assets		1,045,197	821,436
EQUITY			
Share capital	14	467,716	291,290
Reserves		12,607	15,388
Retained earnings		564,874	514,758
Total Equity		1,045,197	821,436

FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital $'000	Financial assets at fair value through OCI $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2017		217,811	5,487	7,779	45	383,978	615,100
Profit for the period		-	-	-	-	79,090	79,090
Other comprehensive income		-	5,559	-	(207)	-	5,352
Total comprehensive income for the period		**-**	**5,559**	**-**	**(207)**	**79,090**	**84,442**
Transactions with owners in their capacity as owners:							
Dividends provided for or paid	15	-	-	-	-	(36,190)	(36,190)
Employee share and option plans - value of employee services		5,849	-	2,429	-	-	8,278
Exercise of employee share awards		6,089	-	(5,987)	-	-	102
Share plan loan repayment		-	-	3,844	-	-	3,844
		11,938	-	286	-	(36,190)	(23,966)
Balance at 31 December 2017		**229,749**	**11,046**	**8,065**	**(162)**	**426,878**	**675,576**
Balance at 1 July 2018		291,290	5,417	10,144	(173)	514,758	821,436
Profit for the period		-	-	-	-	82,090	82,090
Other comprehensive income		-	(11,685)	-	8,517	-	(3,168)
Total comprehensive income for the period		**-**	**(11,685)**	**-**	**8,517**	**82,090**	**78,922**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	14	171,009	-	-	-	-	171,009
Dividends provided for or paid	15	-	-	-	-	(31,973)	(31,973)
Employee share and option plans - value of employee services		13	-	2,335	-	-	2,348
Exercise of employee share awards		5,404	-	(5,294)	-	-	109
Share plan loan repayment		-	-	3,346	-	-	3,346
		176,426	-	387	-	(31,973)	144,839
Balance at 31 December 2018		**467,716**	**(6,268)**	**10,531**	**8,344**	**564,874**	**1,045,197**

FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2018	Notes	31 December 2018 $'000	31 December 2017 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		626,449	450,937
Payments to suppliers and employees (inclusive of GST)		(410,497)	(263,011)
Interest received		3,520	3,829
Interest paid		(630)	(236)
Income taxes paid		(49,708)	(64,732)
Net cash inflow from operating activities		169,134	126,787
Cash flows from investing activities			
Payments for acquisition of assets, net of cash acquired	17	-	(4,000)
Payments for acquisition of business, net of cash acquired	18	(350,550)	-
Payments for property, plant and equipment		(34,596)	(21,658)
Payments for exploration and evaluation	10	(52,414)	(21,804)
Payments for mine properties	11	(76,390)	(53,462)
Payments for financial assets at fair value through OCI		(5,163)	(26,007)
Proceeds from disposal of business		-	460
Proceeds from sale of property, plant and equipment		1,014	404
Net cash outflow from investing activities		(518,099)	(126,067)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	14	174,355	3,964
Repayment of borrowings		(1,000)	-
Principal elements of finance lease payments		(6,808)	(3,500)
Dividends paid to Company's shareholders	15	(31,973)	(36,190)
Net cash inflow/(outflow) from financing activities		134,574	(35,726)
Net (decrease) in cash and cash equivalents		(214,391)	(35,006)
Cash and cash equivalents at the beginning of the financial period		442,997	403,060
Effects of exchange rate changes on cash and cash equivalents		1,219	-
Cash and cash equivalents at end of period		229,825	368,054

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The financial report of Northern Star Resources Ltd (referred to as 'Northern Star or the 'Company') for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 12 February 2019. Northern Star is a for-profit Company limited by shares, incorporated and domiciled in Australia where shares are publicly traded. Details of the Group's principal activities are included in note 4.

2. Basis of Preparation of Half-Year Report

These condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financing Reporting Standard IAS 34 Interim Financial Reporting.

These condensed consolidated Half Year Report do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Northern Star during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except those listed in note 2(a) below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- AASB 9 Financial Instruments; and
- AASB 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards is included below and the new accounting policies are disclosed in note 21.

3. Changes in Accounting Policies

(a) AASB 9 Financial Instruments – Impact of adoption

The Group has adopted AASB 9 *Financial Instruments* as issued in December 2014, from 1 July 2018. In accordance with the transitional provisions classifications have been applied retrospectively. No adjustments were necessary as a result of transition that required the restatement of comparative information other than classifications of certain financial instruments. Details about changes in the classification of certain financial instruments has been included below.

AASB 9 replaces the provisions of AASB 139 *Financial Instruments* that relate to the recognition, classification and measurement of financial assets and financial liabilities, including derecognition, impairment and changes to hedge accounting rules. AASB 9 also amends other standards dealing with financial instruments such as AASB 7 *Financial Instruments: Disclosures*.

(i) Financial instruments where reclassification, but not remeasurement, is required

The Group has made an irrevocable election to classify all listed equity investments previously classified as available-for-sale (AFS) financial assets (under AASB 139) as at fair value through other comprehensive income (FVTOCI). None of these instruments are held for trading and the exercise of this election will result in all subsequent mark-to-market movements being recorded in other comprehensive income with no subsequent recycling of any gains or losses to profit or loss, including where disposal subsequently occurs. This change in classification has had no impact on the measurement of these assets or comparative financial information, including amounts contained in the available-for-sale reserve, which has been renamed to the financial assets at fair value through other comprehensive income reserve.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Financial Instruments where no reclassification or remeasurement is required

Other than the items mentioned in (i) above, the adoption of AASB 9 did not result in a significant change to the recognition or measurement of other financial instruments for the Group as presented in the financial report. The following categories of financial asset and liability required no classification or measurement adjustments as a result of adopting AASB 9:

- Cash and cash equivalents;
- Trade and other receivables - this category only includes simple debt instruments where the business model is to collect contractual cash flows and consequently amortised cost has continued to be applied. No lifetime expected credit loss adjustments were considered necessary;
- Derivative financial instruments - subsequent measurement continues to be at fair value through profit or loss; and
- Trade and other payables - subsequent measurement continues to be at amortised cost.

(b) AASB 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. No adjustments were required as a result of adopting the new standard.

4. Segment Information

(a) Description of segments and principal activities

The Group's Executive Committee consisting of the Executive Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Chief Geological Officer examine the Group's performance and have identified six operating segments relating to the operations of the business:

(1) Paulsens, WA Australia - Exploration and evaluation of gold mineralisation
(2) Kalgoorlie Operations, WA Australia - Mining and processing of gold
(3) Pogo, Alaska USA - Mining and processing of gold
(4) Jundee, WA Australia - Mining and processing of gold
(5) Tanami, NT & WA Australia - Exploration and evaluation of gold mineralisation
(6) Exploration - Exploration and evaluation of gold mineralisation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues or incur expenses.

Exploration compromises all projects in the exploration and evaluation phase of the Group. These include the Mt Olympus, Fortescue JV and Electric Dingo projects as well as ongoing exploration programmes at the Group's respective sites.

An analysis of segment revenues is presented in note 5.

(b) Segment results

The segment information for the half-year ended 31 December 2018 is as follows:

31 December 2018	Paulsens	Kalgoorlie Operations	Pogo	Jundee	Tanami	Exploration	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment net operating profit (loss) before income tax	(1,626)	48,247	(7,132)	104,233	(1,414)	(1,974)	140,334
Depreciation and amortisation	33	66,508	17,246	19,246	21	-	103,054
Impairment	-	-	-	-	-	1,974	1,974
Finance costs	-	939	932	455	-	-	2,326
Segment EBITDA	**(1,593)**	**115,694**	**11,046**	**123,934**	**(1,393)**	**-**	**247,688**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017	Paulsens $'000	Kalgoorlie Operations $'000	Jundee $'000	Tanami $'000	Exploration $'000	Total $'000
Segment net operating profit (loss) before income tax	(31,101)	55,061	108,667	(799)	(1,883)	129,945
Depreciation and amortisation	40,837	24,912	24,272	137	-	90,158
Impairment	-	-	-	-	1,883	1,883
Finance costs	49	506	432	-	-	987
Segment EBITDA	**9,785**	**80,479**	**133,371**	**(662)**	**-**	**222,973**

31 December 2018	Paulsens $'000	Kalgoorlie Operations $'000	Pogo $'000	Jundee $'000	Tanami $'000	Exploration $'000	Total $'000
Total segment assets	744	389,317	515,570	150,386	977	245,189	1,302,183
Total segment liabilities	(5,678)	(201,753)	(127,784)	(81,149)	(15,913)	-	(432,277)

30 June 2018	Paulsens $'000	Kalgoorlie Operations $'000	Jundee $'000	Tanami $'000	Exploration $'000	Total $'000
Total segment assets	2,193	334,701	135,833	233	225,735	698,695
Total segment liabilities	(6,014)	(177,006)	(82,662)	(37,851)	-	(303,533)

(c) Segment EBITDA

Segment EBITDA is a non-IFRS measure, being earnings before interest, tax, depreciation, amortisation and impairment and is calculated as follows: profit before income tax plus depreciation, amortisation, impairment and finance costs, less interest income.

Interest income, finance charges, interest expense and acquisition costs are not allocated to the operating segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

Segment EBITDA reconciles to profit before income tax from continuing operations for the half-year ended 31 December 2018 as follows:

	31 December 2018 $'000	31 December 2017 $'000
Segment EBITDA	**247,688**	222,973
Other income and expense	**4,862**	5,317
Finance costs	**(5,208)**	(1,394)
Depreciation	**(33,597)**	(28,209)
Amortisation	**(70,294)**	(62,756)
Corporate and technical services	**(25,487)**	(14,407)
Share based payments	**(2,348)**	(8,278)
Impairment of assets	**(1,974)**	(1,883)
Profit before income tax	**113,642**	111,363

NOTES TO THE FINANCIAL STATEMENTS

(d) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Operating segments' assets are reconciled to total assets as follows:

	31 December 2018 $'000	30 June 2018 $'000
Segment assets	1,302,183	698,695
Unallocated:		
Financial assets at fair value through OCI	17,469	42,132
Investment in equity accounted associates	27,809	15,399
Cash and cash equivalents	205,531	435,181
Derivative financial instruments	2,288	5,712
Trade and other receivables	25,869	17,641
Current tax asset	9,666	-
Property, plant and equipment	5,651	2,110
Total assets as per the condensed consolidated statement of financial position	1,596,466	1,216,870

Investment in equity securities (classified as financial assets at fair value through OCI) held by the Group are not considered to be segment assets as they are managed by the treasury function.

(e) Segment liabilities

Operating segments' liabilities are reconciled to total liabilities as follows:

	31 December 2018 $'000	30 June 2018 $'000
Segment liabilities	432,277	303,533
Unallocated:		
Trade and other payables	7,216	5,444
Provisions	10,957	14,364
Current tax liabilities	-	14,959
Deferred tax (net)	100,819	57,134
Total liabilities as per the condensed consolidated statement of financial position	551,269	395,434

5. Revenue

	31 December 2018 $'000	31 December 2017 $'000
Sale of gold	621,491	434,489
Sale of silver	1,114	860
Toll treatment	10,910	8,347
Total revenue	633,515	443,696

Tolling revenue of $8.3 million for the period ended 31 December 2017 was originally netted against the processing costs to which they relate, and included in cost of sales. Tolling revenue has been reclassified in the comparative information to align with the current period presentation where it has been presented as a separate component of revenue. This reclassification has no impact on gross or net profit, or the consolidated statement of financial position or cash flows.

NOTES TO THE FINANCIAL STATEMENTS

	Paulsens $'000	Kalgoorlie $'000	Jundee $'000	Pogo $'000	Total $'000
2018	-	291,247	243,484	98,784	633,515
2017	39,040	174,260	230,396	-	443,696

6. Other income and expense items

	31 December 2018 $'000	31 December 2017 $'000
Profit/(loss) on disposal of property, plant and equipment	61	38
Interest income	2,919	3,867
Other	1,882	1,412
	4,862	5,317

7. Expenses

(a) Cost of sales

	31 December 2018 $'000	31 December 2017 $'000
Mining	166,871	93,496
Processing	79,078	48,210
Site services	21,210	11,296
Employee benefit expenses	95,049	65,052
Depreciation	33,345	27,904
Amortisation	69,655	62,117
Government royalty expense	11,529	10,421
Changes in inventory	5,625	(8,700)
	482,362	309,796

(b) Corporate and technical services

	31 December 2018 $'000	31 December 2017 $'000
Employee benefits	8,561	5,612
Administration and technical services	13,376	8,203
Share based payments	2,348	8,278
Depreciation	252	305
Amortisation	639	639
	25,176	23,037

(c) Acquisition and integration costs

	31 December 2018 $'000	31 December 2017 $'000
Acquisition and integration costs	10,015	1,540

NOTES TO THE FINANCIAL STATEMENTS

(d) Impairment

	31 December 2018 $'000	31 December 2017 $'000
Exploration and evaluation	1,974	1,883

(e) Finance costs

	31 December 2018 $'000	31 December 2017 $'000
Interest expense	409	88
Provisions: unwinding of discount	2,325	987
Finance charges	2,474	319
	5,208	1,394
Total expenses	524,735	337,650

8. Trade and other receivables

	31 December 2018			30 June 2018		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Trade receivables	21,909	-	21,909	15,156	-	15,156
Sundry debtors	5,572	-	5,572	6,207	-	6,207
Goods and services tax recoverable	7,634	-	7,634	5,904	-	5,904
Prepayments	10,897	2,867	13,764	1,771	1,688	3,459
Other receivables	1,468	-	1,468	2,098	-	2,098
	47,480	2,867	50,347	31,136	1,688	32,824

9. Inventories

	31 December 2018 $'000	30 June 2018 $'000
Current assets		
Consumable stores	35,806	17,044
Ore stockpiles	45,961	33,396
Gold in circuit	32,993	31,362
Finished goods - dore	6,213	2,139
	120,973	83,941

NOTES TO THE FINANCIAL STATEMENTS

10. Exploration and evaluation assets

	31 December 2018 $'000	30 June 2018 $'000
Opening balance 1 July	**225,735**	137,638
Expenditure for the period	**35,362**	76,373
Acquired as part of asset acquisition (i)	**-**	13,136
Acquired as part of business combination (ii)	**-**	36,800
Transfer to mine properties	**(13,934)**	(26,459)
Impairment (iii)	**(1,974)**	(11,753)
	245,189	225,735

(i) Acquisitions

During the prior period, the Company completed the acquisition of the Western Tanami Project through the purchase of 100% of the fully paid ordinary shares in Tanami Exploration NL from Tanami Gold NL. For details of the acquisition refer to note 17 to the financial statements.

(ii) Business combination

On 29 March 2018, the Company completed the acquisition of the South Kalgoorlie Operations from Westgold Resources Ltd for $78.3 million consideration through the purchase of 100% of the fully paid ordinary Shares in Dioro Exploration Pty Ltd. For details of the acquisition refer to note 18(c) to the financial statements.

(iii) Impairment

At each reporting date, the Group undertakes an assessment of the carrying amount of its exploration and evaluation assets. During the period the Group identified indicators of impairment on certain exploration and evaluation assets under *AASB 6 Exploration and Evaluation of Mineral Resources*. As a result of this review, an impairment loss of $2.0 million (30 June 18: $11.8 million) has been recognised in the statement of profit or loss and other comprehensive income in relation to areas of interest where no future exploration and evaluation activities are expected.

11. Mine properties

	31 December 2018 $'000	30 June 2018 $'000
Opening balance at 1 July	**212,788**	157,477
Expenditure for the period	**79,283**	123,240
Transfer from exploration and evaluation	**13,934**	26,459
Acquired as part of business combination (i)	**140,531**	13,945
Net transfer from property, plant and equipment	**-**	4,172
Exchange differences	**3,265**	-
Amortisation	**(67,939)**	(112,505)
	381,862	212,788

(i) Business Combination

On 28 September 2018, the Company completed the acquisition of the Pogo gold project in Alaska from Sumitomo Metal Mining Co., Ltd (85% interest and the mine operator) and Sumitomo Corporation (15% interest) for US$260.3 million (A$360.4 million). For details of the acquisition refer to note 18 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

12. Borrowings

	31 December 2018			30 June 2018		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Secured						
Lease liabilities	**17,630**	**23,941**	**41,571**	7,610	9,513	17,123
Total secured borrowings	**17,630**	**23,941**	**41,571**	7,610	9,513	17,123

At the end of the reporting period, the Group had an undrawn $200 million (June 2018: $90 million) revolving credit facility.

13. Provisions

	31 December 2018			30 June 2018		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Employee entitlements	**26,750**	**592**	**27,342**	31,615	757	32,372
Rehabilitation*	**-**	**207,234**	**207,234**	-	127,929	127,929
Other	**5,722**	**-**	**5,722**	5,844	-	5,844
	32,472	**207,826**	**240,298**	37,459	128,686	166,145

* Increase during the period due to acquisition of Pogo gold operations. Refer to note 18 for further details.

14. Contributed equity

	31 December 2018 Shares	30 June 2018 Shares	**31 December 2018 $'000**	30 June 2018 $'000
Ordinary shares				
Fully paid	**639,454,848**	612,823,852	**467,716**	291,290

(i) Movements in ordinary shares:

Details	**Number of shares**	**Total $'000**
Opening balance 1 July 2017	600,542,315	217,811
Employee Share Plan issues	1,462,967	6,765
Equity issue net of transaction costs	9,523,810	59,810
Performance Share Plan issues	-	6,298
Exercise of options	1,294,760	606
Balance 30 June 2018	612,823,852	291,290
Employee Share Plan issues	2,658	13
Equity issue net of transaction costs	26,119,402	171,009
Performance Share Plan issues	-	4,755
Exercise of options	508,936	649
Balance 31 December 2018	639,454,848	467,716

NOTES TO THE FINANCIAL STATEMENTS

15. Dividends

(a) Ordinary shares

	31 December 2018 $'000	31 December 2017 $'000
Final dividend for the year ended 30 June 2018 of 5 cents (2017: 6 cents) per fully paid share paid on 28 September 2018 (2017: 13 September 2017)	**31,973**	36,190

16. Commitments

Gold delivery commitment

	Gold for physical delivery (Ounces)	Weighted average contracted sales price (A$)	Value of committed sales (A$'000)
Within one year	206,500	1,743	359,851
Later than one year but not later than five years	145,000	1,783	258,556

	Gold for physical delivery (Ounces)	Weighted average contracted sales price (US$)	Value of committed sales (US$'000)
Within one year	42,500	1,233	52,395
Later than one year but not later than five years	15,000	1,281	19,210

17. Asset acquisition

On 28 November 2017 the Company completed the acquisition of Tanami Exploration NL from Tanami Gold NL. The total cash consideration paid by Northern Star was $4.0 million. Details of this asset acquisition were disclosed in note 14 of the Group's annual financial statements for the year ended 30 June 2018.

18. Business combination

(a) Summary of acquisition

On 28 September 2018, Northern Star completed the acquisition of the Pogo gold project in Alaska from Sumitomo Metal Mining Co., Ltd (85% interest and the mine operator) and Sumitomo Corporation (15% interest) for US$260.3 million (A$360.4 million).

NOTES TO THE FINANCIAL STATEMENTS

The assets and liabilities recognised as a result of the acquisition are as follows:

	$'000
Purchase consideration	
Cash paid	360,426
Net identifiable assets acquired	
Cash and cash equivalents	9,876
Trade and other receivables	3,416
Inventories	40,337
Property, plant and equipment	317,458
Mine properties	140,531
Trade and other payables	(33,051)
Deferred tax liability	(41,272)
Provision for rehabilitation	(75,216)
Borrowings	(1,653)
Net identifiable assets acquired	360,426

We note that the fair values assigned to identifiable assets and liabilities above are presented on a provisional basis. As at the date of this report, taxation and fair value allocations are not yet finalised. The Group will recognise any adjustments to these provisional values as a result of completion the fair value accounting within twelve months following the acquisition date.

(i) Acquisition-related costs

Acquisition-related costs of $4.6 million are included in acquisition and integration in profit or loss.

(ii) Revenue and profit contribution

Details of the financial impact of the acquisition of the Pogo operations on the period ended 31 December 2018 are disclosed in note 4.

(b) Purchase consideration - cash outflow

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	360,426
Less: Balances acquired	
Cash and cash equivalents	(9,876)
Outflow of cash - investing activities	350,550

(c) Prior period

On 29 March 2018, the Company completed the acquisition of the South Kalgoorlie Operations from Westgold Resources Ltd. The total cash consideration paid by Northern Star was $78.3 million. Details of this acquisition were disclosed in note 13 of the Group's annual financial statements for the year ended 30 June 2018.

19. Fair value measurements of financial instruments

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each applicable level follows underneath the table.

NOTES TO THE FINANCIAL STATEMENTS

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
31 December 2018	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at fair value through OCI				
Australian listed equity securities	17,469	-	-	17,469
Derivatives				
Derivative financial asset - warrants	-	2,288	-	2,288
Total financial assets	17,469	2,288	-	19,757

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
30 June 2018	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at fair value through OCI				
Australian listed equity securities	42,132	-	-	42,132
Derivatives				
Derivative financial asset - warrants	-	5,712	-	5,712
Total financial assets	42,132	5,712	-	47,844

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and financial assets at fair value through OCI) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Valuation inputs include spot prices, implied volatility, discount curves and time until expiration, expressed as a percent of a year.

20. Events occurring after the reporting period

Subsequent to the period end, the Company announced:

- an interim dividend of 6 cents per share to Shareholders on the record date of 14 March 2019, payable on 4 April 2019.

There are no other matters or circumstances that have arisen since 31 December 2018 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

21. Summary of significant accounting policies

(a) AASB 9 Financial Instruments – accounting policies applied from 1 July 2018

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

Classification

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

NOTES TO THE FINANCIAL STATEMENTS

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value

Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The Group applies the simplified approach allowed permitted by AASB 9, which requires expected lifetime losses to be recognised form initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

(b) AASB 15 Revenue from Contracts with Customers – accounting policies applied from 1 July 2018

(i) Sale of goods

The Group primarily generates revenue from the sale of gold and silver bullion. The Group delivers dore bars to refiners, who convert the product into investment grade bullion for a fee, which is subsequently sold either to the refinery or third parties (financial institutions).

Revenue from the sale of these goods is recognised when control over the inventory has transferred to the customer.

Control is generally considered to have passed when:

- physical possession and inventory risk is transferred (including via a third-party transport provider arranged by the refinery);
- payment terms for the sale of goods can be clearly identified through the sale of metal credits received or receivable for the transfer of control of the asset;
- the Group can determine with sufficient accuracy the metal content of the goods delivered; and
- the refiner has no practical ability to reject the product where it is within contractually specified limits.

Where economic inflows arise from other by-products, for example from the presence of other valuable metals, these amounts are credited to the costs of producing the primary products to the extent the amounts generated are not considered significant.

(ii) Sale of Services

Tolling revenue is recognised as the tolling services are performed. The number of units processed is considered to be the most direct measurement of value delivered to the customer under the contractual arrangements and therefore tolling revenue is earned per tonne of ore processed.

DIRECTOR'S DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 9 to 26 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year on that date, 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.

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of the Directors in accordance with sections 303(4) and (5) of the *Corporations Act 2001*.

Bill Beament

BILL BEAMENT
Executive Chairman
Perth, Western Australia

12 February 2019

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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Independent Auditor's Review Report to the members of Northern Star Resources Limited

We have reviewed the accompanying half-year financial report of Northern Star Resources Limited, which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 27.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Northern Star Resources Limited's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Northern Star Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Northern Star Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Northern Star Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 12 February 2019

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