

ASX Announcement
 10 February 2021

APPENDIX 4D: HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

Results for announcement to the market

Half-year ended 31 December 2020

Half-year ended 31 December 2019 (previous corresponding period)

			\$'000
Revenue from ordinary activities	Up	34%	1,111,219
Profit from ordinary activities after tax attributable to members	Up	46%	184,527
Net profit for the period attributable to members	Up	46%	184,527

Distributions

	Amount per security	Franked amount per security
Interim dividend (per share)	9.5 cents	9.5 cents

Record date of interim dividend 9 March 2021

Payment date of interim dividend 30 March 2021

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 2020 and will be recognised in subsequent financial reports.

	31 December 2020	31 December 2019
Net tangible asset per security	\$2.82	\$2.60

Explanation of results

Requirement	Title	Reference
Review of results	Operating and Financial Overview	Page 3
A statement of comprehensive income	Condensed Consolidated Statement of Profit or Loss & Other Comprehensive Income	Page 11
A statement of financial position	Condensed Consolidated Statement of Financial Position	Page 12
A statement of retained earnings	Condensed Consolidated Statement of Changes in Equity	Page 13
A statement of cash flows	Condensed Consolidated Statement of Cash Flows	Page 14
Earnings per share	Condensed Consolidated Statement of Profit or Loss & Other Comprehensive Income	Page 11

Changes in controlled entities

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 2020	31 December 2019
Superior Gold Inc.	Production & Development	15.07%	18.92%

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.

APPENDIX 4D: HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

Joint Ventures	Principal Activities	31 December 2020	31 December 2019
FMG JV	Exploration	67.05%	66.62%
East Kundana Production JV	Exploration & Production	51.00%	51.00%
Kanowna West JV	Exploration	92.42%	89.94%
Kalbara JV	Exploration	71.32%	71.32%
West Kundana JV	Exploration	75.50%	75.50%
Zebina JV	Exploration	80.00%	80.00%
Acra JV	Exploration	75.00%	75.00%
Roberston JV	Exploration	40.00%	40.00%
Cheroona JV	Exploration	30.00%	30.00%
KCGM JV	Exploration & Production	50.00%	-
Sorrento JV	Exploration	70.00%	-
Jundee JV	Exploration	70.00%	-

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 2020.

Audit

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

HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020: 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 2020.

COMPANY OVERVIEW

CORPORATE DIRECTORY

Directors (during the financial period and up to the date of this report, unless otherwise noted):

Bill Beament	(Executive Chairman)
John Fitzgerald	(Lead Independent Director)
Peter O'Connor	(Non-Executive Director)
Shirley In't Veld	(Non-Executive Director)
Mary Hackett	(Non-Executive Director)
Nicholas Cernotta	(Non-Executive Director)

Chief Executive Officer

Stuart Tonkin

General Counsel & Company Secretary

Hilary Macdonald

Chief Financial Officer

Ryan Gurner

Chief Operating Officer

Luke Creagh

Registered Office & Principal Place of Business

Level 1, 388 Hay Street
Subiaco WA 6008 Australia
Telephone: +61 8 6188 2100
Facsimile: +61 8 6188 2111
Website: www.nsr ltd.com
Email: info@nsr ltd.com
ASX code: NST

Share Registry

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
Perth WA 6000 Australia
Telephone: +61 1300 554 474
Website: www.linkmarketservices.com.au

REVIEW OF OPERATIONS AND RESULTS

OVERVIEW OF THE GROUP'S PRINCIPAL ACTIVITIES

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

- exploration, development, mining and processing of gold deposits and sale of refined gold derived from the Yandal operations, Kalgoorlie operations and KCGM operations (50 percent ownership interest) in Western Australia and from the Pogo operations in Alaska; and
- exploration in relation to gold deposits in Western Australia, the Northern Territory and Alaska.

DIRECTORS' REPORT

MINE OPERATIONS REVIEW

All ore has been sourced from the Yandal, Kalgoorlie Operations, 50% KCGM and Pogo gold mines. During the period, a total of 480,431 ounces of gold was sold (includes 16,239 pre-production ounces at KCGM) at an average of A\$2,386 per ounce, with an all-in sustaining cost for the period of A\$1,588 per ounce sold.

	Measure	Yandal	Kalgoorlie Operations	50% KCGM	Pogo	Total
Total Material Mined	tonnes	1,443,085	1,434,197	1,932,528	413,190	5,223,000
Total Material Milled	tonnes	1,371,997	1,395,793	3,277,117	411,958	6,456,865
Gold Grade	grams/tonne	3.5	2.9	1.3	9.0	2.6
Recovery	%	90%	91%	83%	91%	89%
Gold Recovered	ounces	138,698	118,637	114,636	107,185	479,155
Gold Sold	ounces	142,148	120,555	112,524	105,204	480,431
Revenue	A\$'000	339,917	287,241	227,772	256,289	1,111,219
Cost of Sales	A\$'000	175,035	233,683	185,852	179,276	773,846
Depreciation & Amortisation	A\$'000	40,181	58,946	36,877	42,858	178,862
Mine Operations EBITDA	A\$'000	205,060	112,878	78,798	119,869	516,605
All in Sustaining Cost	A\$/ounce sold	1,206	2,028	1,400	1,770	1,588

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 at all sites with a continued underground exploration focus at Jundee.

Regional exploration returned to high levels of activity across most sites including Yandal, South Kalgoorlie, Carbine and Pogo areas prior to tapered activity due to the onset of the northern "wet" season in Australia and the brief winter break for surface exploration at Pogo. Integration and review of the KCGM regional exploration assets commenced later in the period.

DIRECTORS' REPORT

FINANCIAL OVERVIEW

A\$'000	Half Year Ended 31 Dec 2020	Half Year Ended 31 Dec 2019	\$'000 Change	% Change
Revenue	1,111,219	826,979	284,240	34%
EBITDA ^[1]	472,240	322,264	149,976	47%
Net profit	184,527	126,787	57,740	46%
Underlying net profit after tax ^[2]	194,395	119,564	74,831	63%
Cash flow from operating activities	426,482	297,465	129,017	43%
Cash flow used in investing activities	(222,941)	(344,314)	121,373	35%
Sustaining capital	(114,219)	(72,427)	(41,792)	58%
Non sustaining capital	(56,976)	(55,970)	(1,006)	2%
Exploration	(50,950)	(40,077)	(10,873)	27%
Acquisition of assets	(11,052)	(178,806)	167,754	(94%)
Other investing	10,256	2,966	7,290	246%
Free cash flow ^[3]	203,541	(46,849)	250,390	(534%)
Underlying free cash flow ^[4]	225,681	116,250	109,431	94%
Average gold price per ounce (A\$)	2,386	2,046	340	17%
Gold mined (ounces)	494,326	460,869	33,457	7%
Gold sold (ounces) ^[5]	480,431	398,640	81,791	21%
All-In Sustaining Costs (AISC) per ounce sold (A\$)	1,588	1,454	134	9%
Cash and bullion awaiting settlement	345,369	1,389,447	(1,044,078)	(75%)
Basic earnings Per Share (cents)	24.9	19.6	5.3	27%

- (1) EBITDA is earnings before interest, tax, depreciation, amortisation and impairment and is calculated as follows: 31 Dec 20 - Profit before income tax (\$270.7M), plus depreciation (\$73.3M), amortisation (\$109.7M), impairment (\$9.5M) and finance costs (\$10.7M) less interest income (\$1.5M). 31 Dec 19 - Profit before income tax (\$148.0M) tax plus depreciation (\$54.9M), amortisation (\$102.2M), impairment (\$11.2M) and finance costs (\$7.7M) less interest income (\$1.8M).
- (2) Underlying net profit after tax is calculated as follows: 31 Dec 20 - Net profit (\$184.5M), plus acquisition and integration costs (\$3.7M), plus impairment (\$9.5M), plus fair value adjustment on derivatives (\$0.3M), plus loss take-up on associate (\$0.6M), less tax effect on these items at 30% (\$4.2M). 31 Dec 19 - Net profit (\$126.8M), plus acquisition and integration costs (\$6.8M), plus impairment (\$11.2M), plus fair value adjustment on derivatives (\$0.7M), plus loss take-up on associate (\$1.7M), less tax effect on these items at 30% (\$6.1M), less non-cash credit for Echo tax losses on joining tax consolidated group post acquisition (\$21.5M).
- (3) Free cash flow is calculated as operating cash flow minus investing cash flow. 31 Dec 2020 - operating cash flow (\$426.5M) less investing cash flow (\$222.9M). 31 Dec 2019 - operating cash flow (\$297.5M) less investing cash flow (\$344.3M).
- (4) Underlying Free Cash Flow is calculated as follows: 31 Dec 2020 - free cash flow (\$203.5M), plus M&A including stamp duty (\$41.7M), less bullion awaiting settlement adjustments (\$43.2M), plus working capital adjustments (\$16.4M), plus FY20 tax (\$10.0M), less finance lease receipts (\$2.7M). 31 Dec 2019 - free cash flow (-\$46.8M), plus Investment in Echo (\$176.8M), plus payment for financial assets at fair value through OCI (\$0.6M), plus loan to Venturix Resources Ltd (\$2.0M), plus M&A expenses (\$2.8M), plus working capital adjustments (\$2.4M), less bullion awaiting settlement (\$20.4M), less finance lease receivable (\$1.1M).
- (5) Includes 16,239 pre-production ounces.
- EBITDA, underlying net profit, underlying free cash flow and all-in sustaining costs (AISC) are unaudited non IFRS measures.

DIRECTORS' REPORT

Profit

The Group recorded a 46 percent increase in net profit for the six months to 31 December 2020 compared to the prior half year ended 31 December 2019. Revenue increased 34 percent compared to 31 December 2019 half year due to a 17 percent higher average realised gold price per ounce (H1 2021: A\$2,386; H1 2020: A\$2,046) and 21 percent increase in gold sold, with KCGM operations (50 percent ownership share) contributing for the full six months to 31 December 2020 (H1: 2020 nil). Cost of sales were up 26 percent from the prior half year largely driven by the activity at KCGM operations (50 percent ownership share) with total tonnes mined increasing by 46 percent and total tonnes milled increasing by 107 percent due to the processing of stockpiles at both Yandal operations and KCGM. Impairment of exploration focussed assets decreased by \$1.7 million (H1 2021: \$9.5 million; H1 2020: \$11.2 million), following the half yearly reviews on Group wide drilling programs. Corporate, technical services and projects costs, which includes costs associated with the Company's exploration focussed projects (Tanami, Paulsens, Yandal regional) increased by 9 percent (H1 2021: \$40.2 million; H1 2020: \$36.8 million), consistent with the Groups increased operational and corporate activity during the six months ended 31 December 2020. Finance costs were higher during the current half as the Company utilised debt for a component of the 50 percent of KCGM acquisition which completed 3 January 2020.

Balance Sheet

Total assets have decreased by \$433.1 million to \$3.4 billion primarily due to lower cash and cash equivalents following repayment of \$325.0 million of corporate bank debt (including \$125.0 million in the December 2020 quarter) and \$44.3 million in stamp duty during the period in relation to the acquisitions of Echo Resource Limited (Echo) and 50 percent of KCGM.

Total liabilities decreased by \$386.1 million to \$1.3 billion primarily as a result of the repayment of corporate bank debt noted above, as well as a reduction in provisions following payment of stamp duty for the Echo and 50 percent of KCGM acquisitions during the current period.

Cash Flow

Operating cash flows for the period ended 31 December 2020 increased by \$129.0 million to \$426.5 million (31 December 2019: \$297.5 million) primarily due to 21 percent higher gold sales recorded with KCGM operations (50 percent ownership share) contributing for the full six months of operations (KCGM H1 2021 ounces sold: 112,524, H1 2020: nil) and a 17 percent higher realised average gold price per ounce for the period. Additional cash outflows in respect of tax and stamp duty (KCGM) were recognised during the period. In respect of investing cash flows, after adjusting for acquisition costs associated with the Echo acquisition in the prior period (\$178.8 million), cash outflows from investing activities were 35 percent higher primarily as a result of increased capital investment across the operations and exploration.

Financing cash flows for the period resulted in a net outflow of \$559.7 million (H1 2020: inflow of \$1.2 billion). The decrease is a result of the prior period having included net proceeds received from a capital raising (\$751.0 million) and debt drawn down from corporate facilities (\$493.6 million) in anticipation of the completion of the 50 percent acquisition of KCGM (3 January 2020). Additionally, the current period included repayment of \$325.0 million of corporate bank debt and \$200.0 million of dividends paid to shareholders (H1 2020: \$48.7 million).

DIRECTORS' REPORT

Dividends Paid

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

	31 December 2020 \$'000	31 December 2019 \$'000
Final dividend for the year ended 30 June 2020 of 9.5 cents (2019: 7.5 cents) per fully paid share paid on 30 September 2020 (2019: 20 November 2019)	70,377	48,670
Special dividend of 10 cents per fully paid share paid on 30 September 2020	74,080	-
Interim Dividend for the period ended 31 December 2019 of 7.5 cents (2019: 6 cents, paid on 4 April 2019) per fully paid share paid on 16 July 2020	55,503	-
	199,960	48,670

Dividends Recommended But Not Yet Paid

In addition to the above dividends, since the end of the financial period the Directors have recommended the payment of an interim ordinary dividend of \$110.5 million (9.5 cents per fully paid share) to be paid on 30 March 2021 out of retained earnings at 31 December 2020.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group that occurred during the period under review, with the exception of the announcement and activities that have led to the acceptance of the Scheme of Arrangement that has been disclosed below in matters subsequent to the end of the financial year.

Matters subsequent to the end of the financial year

Subsequent to the period ended 31 December 2020 the Company announced:

- a) On 2 February 2021 the Supreme Court of Western Australia approved the Scheme of Arrangement (Scheme) under which Northern Star Resources Ltd will acquire all shares in Saracen Minerals Holdings Limited (Saracen). This approval occurred subsequent to the vote by Saracen shareholders to unanimously vote in favour of the Scheme. Saracen, on 3 February 2021, lodged the orders of the Supreme Court of Western Australia with the Australian Securities and Investments Commission and the Scheme became effective on that date and its shares were suspended from trading. Saracen shares will be converted to Northern Star shares at a fixed ratio of 0.3763 new Northern Star Shares for every 1 Saracen share held on the record date, with the Scheme to be implemented on 12 February 2021 (Implementation Date), after the date of this report. 1,122,721,570 Saracen shares were on issue at the relevant date, which will convert to 422,480,127 Northern Star shares. The deemed consideration for the transaction will be calculated with reference to the Northern Star share price on the Implementation Date.

On implementation of the Scheme, Northern Star will incur a liability for stamp duty. This liability was not recognised on Northern Star's balance sheet at 31 December 2020 because, at that date, it remained contingent on the successful implementation of the Scheme. The General Rate of stamp duty in Western Australia is 5.15% on dutiable assets. The identification and valuation of dutiable assets for stamp duty purposes for transactions of this nature is complex and time consuming and, at the date of this report, there has not been sufficient time post transaction to undertake the detailed work required to reliably estimate the required provision for Stamp Duty. Transaction costs will be recognised as an expense in the Statement of Profit or Loss and other Comprehensive Income in the year ending 30 June 2021.

For accounting purposes, the successful implementation of the Scheme requires an acquirer to be identified for acquisition accounting purposes. Northern Star has been identified as the acquirer and the transaction will be accounted for as a business combination. Business combination accounting requires the identification of the assets and liabilities acquired and their recognition at fair value (with the exception of certain items as outlined in AASB 3 Business

DIRECTORS' REPORT

Combinations). Any difference between the consideration paid and the value of assets and liabilities acquired is accounted for as goodwill or a bargain purchase as applicable. In addition to recognising the effects of acquiring Saracen's assets and liabilities, the transaction also results in Northern Star obtaining control over Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM), as opposed to a 50 percent joint operating interest. Where this occurs, Accounting Standards require the existing interest (Northern Star's existing 50 percent interest in KCGM) to be remeasured to fair value with any gain or loss recognised in profit or loss. The initial accounting for the remeasurement of this interest has not been completed and consequently no reliable estimate of the associated gain or loss requiring recognition on implementation of the Scheme is available.

Similarly to the estimate of Stamp Duty outlined above, Northern Star has not completed its initial accounting for the Business Combination and is consequently not in a position to disclose its provisional effects. The Saracen Minerals Holdings Limited Scheme Booklet (Booklet) disclosed on the ASX on 10 December 2020 presented pro-forma financial information, which was prepared using the assumptions presented in the Booklet. While the provisional effects of the business combination have not been disclosed the requirement to allocate the deemed consideration, outlined above, and remeasure Northern Star's existing interest in KCGM to fair value, will result in a significant increase in net assets of the group, change to subsequent profit or loss (both due to the increased size of operations and the anticipated increase in carrying value of amortising assets on the balance sheet) and future cash flows. Accordingly, any financial ratios and metrics prepared using Northern Star's financial statements will materially change as a result of the Scheme's implementation.

- b) An interim dividend of 9.5 cents per share to shareholders on the record date of 9 March 2021, payable on 30 March 2021.
- c) On 31 January 2021, the West Australian Government announced precautionary lockdown measures as a result of COVID-19. The Group has not seen a significant operational or financial impact as a result of these recently announced measures. The outbreak and response of governments in dealing with the pandemic remains uncertain and the Group will continue to monitor these developments and respond accordingly.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect, the Group's operations, results or state of affairs, or may do so in future years.

Environmental Regulation

The Group holds licences and abides by Acts and Regulations issued by the relevant mining and environmental protection authorities. The Group has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. These licences, Acts and Regulations specify limits and regulate the management of various environmental management issues, including discharges to the air, surface water and groundwater associated with the Group's mining operations as well as the storage and use of hazardous materials.

All environmental performance obligations are monitored by the Board via regular Board meetings, and via the Environment Social and Safety Board Sub-Committee. Government agencies regularly conduct audits and site inspections across operational areas of our business. No significant environmental breaches have occurred, nor have we been notified by any Government agencies of any infringement during the 31 December 2020.

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 10.

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.

DIRECTORS' REPORT

This report is made in accordance with a resolution of Directors under section 306(3) of the Corporations Act 2001 dated 9 February 2021 and authorised for release by the Board of Directors.



BILL BEAMENT
Executive Chair
Perth, Western Australia

10 February 2021

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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

10 February 2021

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 2020, 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



D K Andrews
Partner
Chartered Accountants

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FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period Ended 31 December 2020

	Notes	31 December 2020 \$'000	31 December 2019 \$'000
Revenue	4	1,111,219	826,979
Cost of sales	6(a)	(773,846)	(615,065)
		<u>337,373</u>	<u>211,914</u>
Other income and expense	5	(2,704)	(1,382)
Corporate, technical services and projects	6(b)	(40,235)	(36,822)
Acquisition and integration costs		(3,659)	(6,759)
Impairment of assets	6(c)	(9,460)	(11,231)
Finance costs	6(d)	(10,652)	(7,722)
Profit before income tax		<u>270,663</u>	<u>147,998</u>
Income tax expense		(86,136)	(21,211)
Profit for the period		<u>184,527</u>	<u>126,787</u>
Other comprehensive income			
Items that may be reclassified to profit or loss			
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		(151)	65
Exchange differences on translation of foreign operations		(42,370)	661
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of financial assets at fair value through OCI		6,648	(6,906)
Income tax relating to these items		-	(431)
Deferred gains and losses on cash flow hedges		-	(22,300)
Other comprehensive income for the period, net of tax		<u>(35,873)</u>	<u>(28,911)</u>
Total comprehensive income for the period		<u>148,654</u>	<u>97,876</u>
Total comprehensive income for the period is attributable to:			
Owners of Northern Star Resources Ltd		<u>148,654</u>	<u>97,876</u>
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		24.9	19.6
Diluted earnings per share		24.8	19.5

FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2020 \$'000	30 June 2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		317,408	677,260
Trade and other receivables	7	111,478	144,511
Inventories	8	261,590	289,654
Current tax asset		2,014	-
Total current assets		692,490	1,111,425
Non-current assets			
Trade and other receivables	7	20,354	4,283
Derivative financial instruments		559	805
Financial assets at fair value through other comprehensive income		21,141	13,346
Investments accounted for using the equity method		5,367	8,023
Property, plant and equipment		773,882	789,375
Exploration and evaluation assets	9	496,545	479,013
Mine properties	10	1,013,662	1,018,547
Right of use asset		35,904	44,882
Intangible assets		7,720	9,436
Inventories	8	310,642	314,820
Assets classified as held for sale		-	17,430
Total non-current assets		2,685,776	2,699,960
Total assets		3,378,266	3,811,385
LIABILITIES			
Trade and other payables		143,412	155,671
Borrowings	11	203,640	361,283
Current tax liabilities		-	11,959
Provisions	12	66,360	109,314
Total current liabilities		413,412	638,227
Non-current liabilities			
Borrowings	11	265,082	449,779
Provisions	12	437,769	448,057
Deferred tax liabilities		165,219	131,564
Total non-current liabilities		868,070	1,029,400
Total liabilities		1,281,482	1,667,627
Net assets		2,096,784	2,143,758
EQUITY			
Share capital	13	1,329,106	1,323,900
Reserves		(23,354)	13,393
Retained earnings		791,032	806,465
Total Equity		2,096,784	2,143,758

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	Cash flow hedge reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019		473,708	(6,601)	38,549	10,151	-	599,128	1,114,935
Adjustment on adoption of AASB 16 (net of tax)		-	-	-	-	-	(2,320)	(2,320)
Restated total equity at the beginning of the financial period		473,708	(6,601)	38,549	10,151	-	596,808	1,112,615
Profit for the year		-	-	-	-	-	126,787	126,787
Other comprehensive income		-	(7,337)	-	726	(22,300)	-	(28,911)
Total comprehensive income for the period		-	(7,337)	-	726	(22,300)	126,787	97,876
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs and tax	13	748,445	-	-	-	-	-	748,445
Dividends provided for or paid	14	-	-	-	-	-	(48,670)	(48,670)
Employee share and option plans - value of employee services		-	-	2,596	-	-	-	2,596
Exercise of employee share awards		12,251	-	(12,251)	-	-	-	-
Share plan loan repayment		-	-	82	-	-	-	82
Tax		28,592	-	(24,148)	-	-	-	4,444
		789,288	-	(33,721)	-	-	(48,670)	706,897
Balance at 31 December 2019		1,262,996	(13,938)	4,828	10,877	(22,300)	674,925	1,917,388
Balance at 1 July 2020		1,323,900	(14,827)	10,386	17,834	-	806,465	2,143,758
Profit for the year		-	-	-	-	-	184,527	184,527
Other comprehensive income		-	6,648	-	(42,521)	-	-	(35,873)
Total comprehensive income for the period		-	6,648	-	(42,521)	-	184,527	148,654
Transactions with owners in their capacity as owners:								
Dividends provided for or paid	14	-	-	-	-	-	(199,960)	(199,960)
Employee share and option plans - value of employee services		-	-	4,572	-	-	-	4,572
Exercise of employee share awards		3,881	-	(3,881)	-	-	-	-
Share plan loan repayment		-	-	295	-	-	-	295
Tax		1,325	-	(1,860)	-	-	-	(535)
		5,206	-	(874)	-	-	(199,960)	(195,628)
Balance at 31 December 2020		1,329,106	(8,179)	9,512	(24,687)	-	791,032	2,096,784

FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2020

	Notes	31 December 2020 \$'000	31 December 2019 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,154,881	835,565
Payments to suppliers and employees (inclusive of GST)		(624,809)	(507,853)
Payment of stamp duty in relation to acquisition of KCGM		(34,284)	-
Interest received		1,563	1,764
Interest paid		(8,506)	(2,350)
Income taxes paid		(62,363)	(29,661)
Net cash inflow from operating activities		426,482	297,465
Cash flows from investing activities			
Payments for acquisition of assets, net of cash acquired		(11,052)	(178,806)
Payments for property, plant and equipment		(70,387)	(32,421)
Payments for exploration and evaluation		(50,950)	(40,077)
Payments for mine properties		(100,808)	(95,976)
Payments for investments		(509)	(628)
Proceeds from sale of property, plant and equipment		1,611	2,477
Lease receipt		2,654	-
Other		6,500	1,117
Net cash outflow from investing activities		(222,941)	(344,314)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		308	751,005
Proceeds from borrowings		-	493,600
Repayment of borrowings		(325,000)	-
Principal elements of lease payments		(35,091)	(28,759)
Dividends paid to Company's shareholders	14	(199,960)	(48,670)
Net cash (outflow)/inflow from financing activities		(559,743)	1,167,176
Net (decrease)/increase in cash and cash equivalents		(356,202)	1,120,327
Cash and cash equivalents at the beginning of the financial period		677,260	266,179
Effects of exchange rate changes on cash and cash equivalents		(3,650)	(21,175)
Cash and cash equivalents at end of period		317,408	1,365,331

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 2020 was authorised for issue in accordance with a resolution of the Directors on 9 February 2021. 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 3.

2. Basis of Preparation of Half-Year Report

These condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2020 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 interim financial statements 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 2020 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.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3. 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 five operating segments relating to the operations of the business:

- 1) Kalgoorlie Operations, WA Australia - Mining and processing of gold
- 2) Yandal Operations, WA Australia - Mining and processing of gold
- 3) Pogo, Alaska USA - Mining and processing of gold
- 4) KCGM Joint Venture (50%), WA Australia - Mining and processing of gold
- 5) 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. During the year ended 30 June 2020, the Group completed the acquisition of the 50 percent interest in KCGM through the acquisition of all the shares in Kalgoorlie Lake View Pty Ltd. Following the completion of the transaction to acquire a 50 percent interest in KCGM and review by the Executive Committee the Group was established as having eight operating segments (East Kundana JV, Kanowna Belle, Millennium, Yandal Operations, South Kalgoorlie, Pogo, 50 percent interest in KCGM and Exploration). Kanowna Belle, East Kundana JV, Millennium and South Kalgoorlie is considered as and has been presented as one reporting segment (Kalgoorlie Operations). Following a review by the executive committee, Paulsens, Tanami and the Yandal Regional exploration projects were included in the Exploration segment for the year ended 30 June 2020 and period ended 31 December 2020.

Exploration comprises all projects in the exploration and evaluation phase of the Group. These include the Group's regional prospects as well as ongoing exploration programmes at the Group's respective sites.

An analysis of segment revenue is presented in note 4.

NOTES TO THE FINANCIAL STATEMENTS

(b) Segment results

The segment information for the half-year ended 31 December 2020 is as follows:

31 December 2020	KCGM (50%) \$'000	Kalgoorlie Operations \$'000	Pogo \$'000	Yandal Operations \$'000	Exploration \$'000	Total \$'000
Segment net operating profit (loss) before income tax	41,096	53,089	76,267	164,100	(17,329)	317,223
Depreciation and amortisation	36,877	58,946	42,858	40,181	2,433	181,295
Impairment	-	-	-	-	9,460	9,460
Finance costs	825	843	744	779	149	3,340
Segment EBITDA	78,798	112,878	119,869	205,060	(5,287)	511,318

31 December 2019	KCGM (50%) \$'000	Kalgoorlie Operations \$'000	Pogo \$'000	Yandal Operations \$'000	Exploration \$'000	Total \$'000
Segment net operating profit (loss) before income tax	-	70,886	(18,912)	153,595	(15,215)	190,354
Depreciation and amortisation	-	65,933	30,472	58,700	63	155,168
Impairment	-	-	-	-	11,231	11,231
Finance costs	-	1,350	1,309	1,207	124	3,990
Segment EBITDA	-	138,169	12,869	213,502	(3,797)	360,743

31 December 2020	KCGM (50%) \$'000	Kalgoorlie Operations \$'000	Pogo \$'000	Yandal Operations \$'000	Exploration \$'000	Total \$'000
Total segment assets	1,316,857	373,558	548,881	221,352	513,506	2,974,154
Total segment liabilities	(231,123)	(187,995)	(147,603)	(108,169)	(47,818)	(722,708)

30 June 2020	KCGM (50%) \$'000	Kalgoorlie Operations \$'000	Pogo \$'000	Yandal Operations \$'000	Exploration \$'000	Total \$'000
Total segment assets	1,363,276	346,773	574,162	222,756	497,888	3,004,855
Total segment liabilities	(227,580)	(188,869)	(166,180)	(132,183)	(46,452)	(761,264)

(c) Segment EBITDA

Segment EBITDA is a non-IFRS measure, being earnings before interest, tax, depreciation and amortisation 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 2020 as follows:

NOTES TO THE FINANCIAL STATEMENTS

	31 December 2020 \$'000	31 December 2019 \$'000
Segment EBITDA	511,318	360,743
Other income and expense	(2,704)	(1,382)
Finance costs	(10,652)	(7,722)
Depreciation	(73,301)	(54,923)
Amortisation	(109,711)	(102,154)
Corporate and technical services	(26,596)	(25,978)
Acquisition costs	(3,659)	(6,759)
Share based payments	(4,572)	(2,596)
Impairment of assets	(9,460)	(11,231)
Profit before income tax	270,663	147,998

(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 2020 \$'000	30 June 2020 \$'000
Segment assets	2,974,154	3,004,855
Unallocated:		
Financial assets at fair value through OCI	21,141	13,346
Asset classified as held for sale	-	17,430
Investment in equity accounted associates	5,367	8,023
Cash and cash equivalents	276,363	643,060
Derivative financial instruments	559	805
Trade and other receivables	90,086	114,338
Current tax asset	2,014	-
Property, plant and equipment	8,582	9,528
Total assets as per the condensed consolidated statement of financial position	3,378,266	3,811,385

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 corporate function.

(e) Segment liabilities

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

	31 December 2020 \$'000	30 June 2020 \$'000
Segment liabilities	(722,708)	(761,264)
Unallocated:		
Trade and other payables	(6,359)	(4,028)
Borrowings	(373,010)	(699,177)
Provisions	(14,186)	(59,635)
Current tax liabilities	-	(11,959)
Deferred tax (net)	(165,219)	(131,564)
Total liabilities as per the condensed consolidated statement of financial position	(1,281,482)	(1,667,627)

NOTES TO THE FINANCIAL STATEMENTS

4. Revenue

	31 December 2020 \$'000	31 December 2019 \$'000
Sale of gold	1,107,429	815,657
Sale of silver	2,284	1,333
Toll treatment	1,506	9,989
Total revenue	1,111,219	826,979

The total of revenue, broken down by operating segment, is shown in the following table. All revenue is from external customers. No revenue is generated by the Exploration operating segment.

	Kalgoorlie Operations \$'000	Yandal Operations \$'000	Pogo \$'000	KCGM \$'000	Total \$'000
2020	287,241	339,917	256,289	227,772	1,111,219
2019	338,532	334,779	153,668	-	826,979

5. Other income and expense items

	31 December 2020 \$'000	31 December 2019 \$'000
Profit/(loss) on disposal of property, plant and equipment	(116)	(1,536)
Interest income	1,545	1,764
Other	(4,133)	(1,610)
	(2,704)	(1,382)

6. Expenses

(a) Cost of sales

	31 December 2020 \$'000	31 December 2019 \$'000
Mining	187,642	184,193
Processing	153,284	106,582
Site services	32,952	21,019
Employee benefit expenses	171,032	139,390
Depreciation	69,790	53,590
Amortisation	109,072	101,515
Government royalty expense	22,543	17,442
Changes in inventory	27,531	(8,666)
	773,846	615,065

NOTES TO THE FINANCIAL STATEMENTS

(b) Corporate, technical services and project services

	31 December 2020 \$'000	31 December 2019 \$'000
Employee benefits	14,288	11,821
Administration and technical services	12,871	18,582
Share based payments	4,572	2,596
Depreciation	3,511	1,333
Amortisation	639	639
Exploration projects	4,354	1,851
	40,235	36,822

(c) Impairment

	31 December 2020 \$'000	31 December 2019 \$'000
Exploration and evaluation	9,460	11,231

(d) Finance costs

	31 December 2020 \$'000	31 December 2019 \$'000
Interest expense	7,810	2,351
Provisions: unwinding of discount	1,652	1,693
Finance charges	1,190	3,678
	10,652	7,722

7. Trade and other receivables

	31 December 2020			30 June 2020		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Trade receivables	28,602	-	28,602	72,493	-	72,493
Sundry debtors	7,216	17,430	24,646	7,996	-	7,996
Finance lease receivables	3,040	1,861	4,901	4,459	3,095	7,554
Goods and services tax recoverable	10,961	-	10,961	9,093	-	9,093
Prepayments	59,088	1,063	60,151	49,190	1,188	50,378
Other receivables	2,571	-	2,571	1,280	-	1,280
	111,478	20,354	131,832	144,511	4,283	148,794

Prepayments includes US\$22.5 million paid to Newmont as part of the 50 percent acquisition of KCGM in the prior year. The payment was for a conditionally refundable option to acquire the Newmont power business which supplies power to KCGM. This amount is expected to be recoverable via acquisition of the related interests, or return of the deposit.

NOTES TO THE FINANCIAL STATEMENTS

8. Inventories

	31 December 2020 \$'000	30 June 2020 \$'000
Current assets		
Consumable stores	66,293	69,500
Ore stockpiles	129,368	156,219
Gold in circuit	65,929	63,935
	<u>261,590</u>	<u>289,654</u>
Non-current assets		
Ore stockpiles	<u>310,642</u>	<u>314,820</u>

Ore stockpiles which are not expected to be processed in the 12 months after the reporting date are classified as non-current inventory. There is a reasonable expectation that the processing of these stockpiles will have a future economic benefit to the Group and accordingly the value of these stockpiles is the lower of cost and net realisable value. The non-current ore stockpiles represent the stockpiles held at the Group's interest in KCGM that are not expected to be processed in the 12 months following balance date. The determination of the current and non-current portion of ore stockpiles includes the use of estimates and judgements about when ore stockpile drawdowns for processing will occur. These estimates and judgements are based on current forecasts and mine plans.

9. Exploration and evaluation assets

	31 December 2020 \$'000	30 June 2020 \$'000
Opening balance 1 July	479,013	266,038
Expenditure for the period	51,130	80,127
Acquired as part of asset acquisition (i)	-	208,586
Assets included in a disposal group classified as held for sale (ii)	-	(17,430)
Transfer to mine properties	(19,916)	(30,191)
Impairment (iii)	(9,460)	(28,251)
Exchange Differences	(4,222)	134
	<u>496,545</u>	<u>479,013</u>

(i) Acquisitions

During the prior year, the Company completed the takeover of Echo Resources Limited (ASX: EAR) via a combination of existing ownership interests, on-market acquisition and off-market acquisition. For details of the acquisition, refer to the 30 June 2020 Annual Report.

(ii) Assets classified as held for sale

On 18 June 2020, the Company executed a Tenement Sale Agreement for the sale of the Mt Olympus Project to Kalamazoo Resources Limited subject to conditions including third party rights and approvals.

(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 \$9.5 million (30 June 20: \$28.3 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.

NOTES TO THE FINANCIAL STATEMENTS

10. Mine properties

	31 December 2020 \$'000	30 June 2020 \$'000
Opening balance at 1 July	1,018,547	356,361
Expenditure for the period	101,788	184,032
Changes in rehabilitation provision estimates	-	53,209
Transfer from exploration and evaluation	19,916	30,191
Acquired as part of business combination (i)	-	611,231
Amortisation	(107,357)	(219,491)
Exchange differences	(19,232)	3,014
	1,013,662	1,018,547

(i) Business Combination

During the prior period, the Company completed the acquisition of all of the shares in Kalgoorlie Lake View Pty Ltd, which holds a 50 percent interest in Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM). For details of the acquisition, refer to the 30 June 2020 Annual Report.

11. Borrowings

	31 December 2020			30 June 2020		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Bank loans	150,593	220,971	371,564	302,481	394,779	697,260
Lease liabilities	18,549	22,388	40,937	21,018	28,603	49,621
Secured asset financing	34,498	21,723	56,221	37,784	26,397	64,181
Total secured borrowings	203,640	265,082	468,722	361,283	449,779	811,062

As at the end of the prior year, the Group had classified \$200 million of the fully drawn \$300 million revolving credit facility within current bank loans as it was expected that this amount would be repaid within the following 12 months (contractually repayable on 31 December 2022). It was subsequently repaid on 6 July 2020. The remaining \$100 million drawn on the revolving credit facility was repaid on 30 November 2020. At the end of the reporting period, the Group had \$300 million (June 2020: nil) undrawn on its revolving credit facility.

On 30 December 2020, the Group repaid \$25 million of the \$400 million term loan. Of the outstanding \$375 million, \$150 million is repayable within 12 months of balance date.

NOTES TO THE FINANCIAL STATEMENTS

12. Provisions

	31 December 2020			30 June 2020		
	Current	Non- current	Total	Current	Non- current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee entitlements	58,180	1,675	59,855	57,031	1,694	58,725
Rehabilitation	1,274	436,094	437,368	2,071	446,363	448,434
Other*	6,906	-	6,906	50,212	-	50,212
	66,360	437,769	504,129	109,314	448,057	557,371

* The prior year balance included an estimate of stamp duty payable on completion of past transactions. The estimate of stamp duty payable at 30 June 2020 was \$50.2 million and included estimates of the stamp duty on interests acquired in KCGM, Echo and other previous transactions. During the period, the Company paid \$45.3 million in stamp duty associated with the acquisitions of Echo and KCGM.

13. Contributed equity

	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$'000	30 June 2020 \$'000
Ordinary shares				
Fully paid	740,962,173	740,151,041	1,329,106	1,323,900

(i) Movements in ordinary shares:

Details	Number of shares	Total \$'000
Opening balance 1 July 2019	639,592,634	473,708
Employee Share Plan issues	102,258	1,299
Equity issue net of transaction costs and tax	91,110,949	808,050
Issue of shares on vesting of options/performance rights	9,345,200	40,843
Share Capital 30 June 2020	740,151,041	1,323,900
Issue of shares on vesting of options/performance rights ⁽ⁱ⁾	811,132	5,206
	740,962,173	1,329,106
Closing treasury shares ⁽ⁱ⁾	(150,000)	-
Share Capital 31 December 2020	740,812,173	1,329,106

i. During the period, 439,817 FY18 Performance Rights granted in December 2017; 196,470 FY20 STI Performance Rights granted in November and December 2019; and 24,845 FY20 Share Rights granted in November 2019 vested after their respective performance periods. These had been awarded to Directors, Key Management Personnel and other senior employees. As a result, 661,132 fully paid ordinary shares were issued on vesting of the rights.

Additionally, 150,000 shares were issued to the employee share trust in relation to the FY20 restricted share grant and which are unvested at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

14. Dividends

(a) Ordinary shares

	31 December 2020 \$'000	31 December 2019 \$'000
Final dividend for the year ended 30 June 2020 of 9.5 cents (2019: 7.5 cents) per fully paid share paid on 30 September 2020 (2019: 20 November 2019)	70,377	48,670
Special dividend of 10 cents per fully paid share paid on 30 September 2020	74,080	-
Interim Dividend for the period ended 31 December 2019 of 7.5 cents (2019: 6 cents, paid on 4 April 2019) per fully paid share paid on 16 July 2020	55,503	-
	199,960	48,670

15. Commitments

(a) Gold delivery commitment

Australian dollar gold delivery commitments as at 31 December 2020 were as follows:

	Gold for physical delivery (Ounces)	Weighted average contracted sales price (A\$)	Value of committed sales (A\$'000)
Within one year	241,507	2,107	508,855
Later than one year but not later than five years	108,000	2,177	235,116

There were no US dollar gold delivery commitments as at 31 December 2020.

16. Events occurring after the reporting period

Subsequent to the period end, the Company announced:

- On 2 February 2021 the Supreme Court of Western Australia approved the Scheme of Arrangement (Scheme) under which Northern Star Resources Ltd will acquire all shares in Saracen Minerals Holdings Limited (Saracen). This approval occurred subsequent to the vote by Saracen shareholders to unanimously vote in favour of the Scheme. Saracen, on 3 February 2021, lodged the orders of the Supreme Court of Western Australia with the Australian Securities and Investments Commission and the Scheme became effective on that date and its shares were suspended from trading. Saracen shares will be converted to Northern Star shares at a fixed ratio of 0.3763 new Northern Star Shares for every 1 Saracen share held on the record date, with the Scheme to be implemented on 12 February 2021 (Implementation Date), after the date of this report. 1,122,721,570 Saracen shares were on issue at the relevant date, which will convert to 422,480,127 Northern Star shares. The deemed consideration for the transaction will be calculated with reference to the Northern Star share price on the Implementation Date.

On implementation of the Scheme, Northern Star will incur a liability for stamp duty. This liability was not recognised on Northern Star's balance sheet at 31 December 2020 because, at that date, it remained contingent on the successful implementation of the Scheme. The General Rate of stamp duty in Western Australia is 5.15% on dutiable assets. The identification and valuation of dutiable assets for stamp duty purposes for transactions of this nature is complex and time consuming and, at the date of this report, there has not been sufficient time post transaction to undertake the detailed work required to reliably estimate the required provision for Stamp Duty. Transaction costs will be recognised as an expense in the Statement of Profit or Loss and other Comprehensive Income in the year ending 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

For accounting purposes, the successful implementation of the Scheme requires an acquirer to be identified for acquisition accounting purposes. Northern Star has been identified as the acquirer and the transaction will be accounted for as a business combination. Business combination accounting requires the identification of the assets and liabilities acquired and their recognition at fair value (with the exception of certain items as outlined in AASB 3 Business Combinations). Any difference between the consideration paid and the value of assets and liabilities acquired is accounted for as goodwill or a bargain purchase as applicable. In addition to recognising the effects of acquiring Saracen's assets and liabilities, the transaction also results in Northern Star obtaining control over Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM), as opposed to a 50 percent joint operating interest. Where this occurs, Accounting Standards require the existing interest (Northern Star's existing percent interest in KCGM) to be remeasured to fair value with any gain or loss recognised in profit or loss. The initial accounting for the remeasurement of this interest has not been completed and consequently no reliable estimate of the associated gain or loss requiring recognition on implementation of the Scheme is available.

Similarly to the estimate of Stamp Duty outlined above, Northern Star has not completed its initial accounting for the Business Combination and is consequently not in a position to disclose its provisional effects. The Saracen Minerals Holdings Limited Scheme Booklet (Booklet) disclosed on the ASX on 10 December 2020 presented pro-forma financial information, which was prepared using the assumptions presented in the Booklet. While the provisional effects of the business combination have not been disclosed the requirement to allocate the deemed consideration, outlined above, and remeasure Northern Star's existing interest in KCGM to fair value, will result in a significant increase in net assets of the group, change to subsequent profit or loss (both due to the increased size of operations and the anticipated increase in carrying value of amortising assets on the balance sheet) and future cash flows. Accordingly, any financial ratios and metrics prepared using Northern Star's financial statements will materially change as a result of the Scheme's implementation.

- an interim dividend of 9.5 cents per share to Shareholders on the record date of 9 March 2021, payable on 30 March 2021.
- On 31 January 2021, the West Australian Government announced precautionary lockdown measures as a result of Covid 19. The Group has not seen a significant operational or financial impact as a result of these recently announced measures. The outbreak and response of governments in dealing with the pandemic remains uncertain and the Group will continue to monitor these developments and respond accordingly.

There are no other matters or circumstances that have arisen since 31 December 2020 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 11 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 2020 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
Executive Chair
Perth, Western Australia

10 February 2021

INDEPENDENT AUDITOR'S REPORT



Deloitte Touche Tohmatsu
ABN /4 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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

Conclusion

We have reviewed the half-year financial report of Northern Star Resources Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 11 to 26.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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.

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INDEPENDENT AUDITOR'S REPORT

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2020 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*.

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.


DELOITTE TOUCHE TOHMATSU



D K Andrews
Partner
Chartered Accountants
Perth, 10 February 2021