



ASX Announcement
 10 February 2021

RECORD PROFITS, CASHFLOW AND INTERIM DIVIDEND

Growth strategy on track, with completion of Saracen merger paving way for increase in production to 2Mozpa, underpinned by organic sources and low capital intensity

All results relate only to Northern Star; Saracen and Northern Star financial results to be combined from 12 February 2021 (merger implementation date)

HIGHLIGHTS

- Record underlying net profit after tax¹ (NPAT) of A\$194.4M for the December Half, up 63% from previous corresponding period (pcp)
- Earnings per share of A25¢; up 27% from pcp
- Record statutory NPAT of A\$184.5M, up 46% from pcp
- Record underlying free cashflow of A\$226M, up 94% from pcp, after record investment of A\$108M in exploration and expansionary capital to grow production by 40% over the coming three years
- Record Group EBITDA² of A\$472.2M, up 47% from pcp
- Revenue of A\$1.1B, up 34% from pcp
- Interim dividend increased to A9.5¢ (fully franked), up 27% from pcp; Based on payout policy of 6% of revenue and calculated on the pre-merger issued capital base
- Significant financial, operational and Company growth achieved while maintaining superior returns, with annualised average return on equity of 17.4%
- Gold sales of 480,431oz at an average price of A\$2,386/oz; 39% of gold sold into the hedge book, reducing hedging to ~10% of next three years' production
- Outstanding results across operations; EBITDA from operations of A\$517M, up 42% from pcp; EBITDA margin of 46%
- Cash, bullion and investments of A\$372M at 31 December; Bank debt A\$375M
- On track to meet NST FY2021 production guidance of 940,000-1,060,000oz
- Northern Star will host an interim results conference call today at 8:00am AWST (11:00am AEDT). The call can be accessed at <https://webcast.boardroom.media/northern-star-resources-ltd/20210210/NaN6017468828cb65001a531637>

Northern Star Resources (ASX: NST) is pleased to announce record profits, cashflow and interim dividend for the six months to December 31, 2020.

The results stemmed from gold sales at the upper end of first-half guidance of 480,431oz. Production guidance for the full year is 940,000oz – 1.06Moz, with the second half expected to be stronger than the first.

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FINANCIAL RESULTS FOR SIX MONTHS TO 31 DECEMBER 2020

Net profit after tax rose 46 per cent to a record A\$184.5 million and the interim dividend is up 27 per cent to A9.5¢ a share, fully franked. This stems from Northern Star's policy of paying out the equivalent of 6 per cent of revenue as dividends and has been calculated on the capital base which existed before the merger with Saracen.

The overall strength of the operations, the production growth and the robust margins were reflected in the 94 per cent increase in underlying Company free cashflow to A\$226 million.

Northern Star Executive Chair Bill Beament said the record performance showed the Company's growth strategy was proceeding to plan.

"Our strategy is aimed at ensuring Northern Star generates strong growth at all levels while maintaining its industry-leading financial returns," Mr Beament said.

"The record EBITDA of A\$472M demonstrates that our growth plan is delivering superior results. This result came despite investing A\$108M in exploration and expansionary capital and directing 39 per cent of our gold sales into hedges, which meant revenue was over A\$100M lower than at spot prices.

"We are also generating significant growth in our business while maintaining our superior returns, as shown by the annualised average return on equity of 17.4 per cent."

He said the enlarged Northern Star Group was primed for more growth at all levels, further increasing returns for Shareholders.

"After the Saracen merger is implemented on 12 February, our combined operations have a clear pathway to an annual production rate of 2Moz.

"This growth will be driven by organic sources and incur one of the lowest capital intensities in the industry, ensuring that it is not just strong growth but is also financially-rewarding growth.

"It will also mean that Northern Star is growing at a time when so many of our global peers have flat or declining production and inventories.

"And by continuing to reduce our hedge book, we are ensuring that we can capitalise on this growth by increasing our exposure to what we believe will continue to be a strong gold price."

The interim fully franked dividend record date is 9 March 2021 with the payment date 30 March 2021.

Authorised for release to ASX by Bill Beament, Executive Chair.

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¹ 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).

FINANCIAL RESULTS FOR SIX MONTHS TO 31 DECEMBER 2020

² 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).

ASX Listing Rules Disclosures

The information underpinning the combined Group's combined gold production guidance in this announcement has been extracted from:

- (i) the ASX release by Northern Star entitled "Resources and Reserves, Production and Cost Guidance Update (ex-KCGM)" dated 13 August 2020, available at www.nsr ltd.com and www.asx.com (**Northern Star Announcement**),
- (ii) the ASX release by Saracen entitled "Carosue Dam and Thunderbox only – Reserves rise to 3.7Moz" dated 4 August 2020, available at www.saracen.com.au and www.asx.com (**Saracen Announcement**), and
- (iii) Northern Star's and Saracen's joint ASX announcement entitled "KCGM Reserves, Resources and Guidance Update" dated 18 August 2020, available at www.nsr ltd.com and www.asx.com (**KCGM Announcement**).

For the purposes of ASX Listing Rule 5.19:

- (a) Northern Star confirms that all the material assumptions underpinning the production target in the Northern Star Announcement continue to apply and have not materially changed. Northern Star confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement,
- (b) Saracen confirms that all the material assumptions underpinning the production target in the Saracen Announcement continue to apply and have not materially changed. Saracen confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement, and
- (c) both Northern Star and Saracen confirm that all the material assumptions underpinning the production target in the KCGM Announcement continue to apply and have not materially changed. Saracen and Northern Star confirm that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

Forward Looking Statements

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