

NST joins Saracen in Superpit takeover

Company/ASX Code	Northern Star Resources Limited/NST
EGM date	Wednesday 22 January 2020
Time and location	10.00 am QV1 Conference Centre (Function Room) Level 2 QV1 Building, 250 St Georges Terrace, Perth 6000, Western Australia
Registry	Link Market Services
Webcast	No
Poll or show of hands	Poll on all items
Monitor	David F Brooke
Pre AGM Meeting?	No

This is an Extraordinary General meeting called to provide the funding for takeover of Newmont's Goldcorp's 50% interest in the Kalgoorlie Super pit (Fimiston Open Pit) gold mine, which is the second largest open pit gold mine in Australia and its associated Mt Charlotte Underground Mine and processing plants.

The mine was operated by Newmont through a 50% owned subsidiary (Kalgoorlie Consolidated Gold Mines – KCGM). The other half of the ownership was recently sold (by Barrick) to Saracen Mineral Resources (SAR) who are also a Perth based mid-tier gold miner with acknowledged expertise in local open pit gold mines; NST's expertise in underground mining is complimentary to SAR; employees of both companies have extensive experience of Superpit geology and operations. Under the terms of the JV (KCGM), operation will pass to NST, however major decisions require consensus with SAR. Acquisition of 50% share in the Superpit will conservatively add 245,000 ounces (ozs) per year to NST's production, which is currently unhedged and should realize current record A\$ gold prices (around A\$2,200/ozs). Increase in reserves will be 3.7m ozs and resources 5.8m ozs. It should be noted that Superpit gold is low grade (around 1.3g/t) and refractory; implying a high all in sustaining cost (AISC) of A\$1,450/ozs to A\$1,550/ozs. Once an issue over the collapse of the East wall of the Superpit is resolved, historic average production of around 660,000ozs/year may resume (Note: NST's share is 50%).

The funds required (all at A\$9/share) and their use is in the table below:

Source of Funds	Amounts (A\$m)
Secured debt facilities	480
Underwritten Institutional Placement	765
SPP + director placement	55*
Current cash	5
Total	1,305
Use of Funds	
Acquisition of 50% of KCGM	1131
Deposit for power business	36
WA stamp duty	56
Other	26
Working Capital	55*
Total	1,305

*Maximum amount

It should be noted that, apart from the Superpit takeover, NST management is tackling many current issues (e.g. Pogo, Echo resources and two court cases) which may be stretching management.

Item 1	Ratification of issue of Placement Shares
ASA Vote	For

Summary of ASA Position

The funds required to execute the takeover are guaranteed from this placement which would appear to be required for the transaction to be completed by a deadline of 3 January 2020. The company has taken note of previous discussions on the need to simultaneously implement a Share Purchase Plan (SPP) on the same terms. As such the ASA will be voting proxies for this resolution.

Item 2 -4	Approval of issue of shares to Executive Chairman Bill Beament, Non-Executive Director Mary Hackett and former Non-Executive Director Christopher Rowe
ASA Vote	For

Summary of ASA Position

It is ASA policy for directors to have “skin in the game” and as such we support this resolution. These shares are issued at the same terms as the placement being at \$9.00 per share.

Mr Rowe is a founder and ex-chairman of NST who has a historical connection to the company and remains a mentor to management. As such the ASA accepts that he should be a special case and is encouraged that he wishes to support the takeover by adding to his existing holding of 1.6m shares.

Item 5	Approval of financial assistance by Kalgoorlie Lake View Pty Ltd
ASA Vote	For

Summary of ASA Position

NST has become the KCGM JV Company with management and operational responsibilities for the super pit and Kalgoorlie Lake View Pty Ltd will become a wholly owned subsidiary after completion of the Proposed Acquisition. AS set out in the notice of meeting, this is a condition for preserving existing bank funding and facilities and should be approved. This is a special resolution requiring a for vote from 75% of shares voted.

The individual (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

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