



NST merges with Saracen to become a globally significant gold producer

Company	Northern Star Resources
Code	NST
Meeting	AGM
Date	Wednesday 25 November 2020 at 10.00am AWST
Venue	Virtual meeting
Monitor	David F Brooke assisted by Robert Kelliher

Number attendees at meeting	Unknown – virtual meeting
Number of holdings represented by ASA	71
Value of proxies	A\$6.58m
Number of shares represented by ASA	508,105
Market capitalisation	A\$9.28n
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Pre-meeting discussion with Lead Independent Director & Company Secretary

The Executive Chairman's address focussed on the past year, including the impact of the COVID-19 pandemic, the Kalgoorlie Superpit (KCGM) and Echo Resources acquisitions and the benefits of a proposed merger with Saracen Holdings (SAR), their partner at KCGM as described [HERE](#). The merged entity would have the rare attraction (for a top 10 global gold miner) in that all its operations would be in Australia and North America (only Kirkland Lake (KLA) a Canadian headquartered producer with a secondary listing on the ASX, has similar credentials for a major 1mozs/year+ gold producer). Many synergies were claimed which could lead to improved shareholder returns. The Chairman also referred to the record but delayed annual dividend of A\$0.27/share fully franked. The company expects the merger to take place at around February 2021 after SAR obtains shareholder approval for which an independent expert report will be presented.

The formal business of the meeting was as set out in the NoM; five questions were transmitted by the ASA immediately prior to motions being tabled; although ASA question 3 for resolution 1 was lost in transmission, however the issue was addressed by the Chairman when he presented his proxy votes and provided preliminary comment to the vote on the NST remuneration report (resolution 1).

Questions and answers were:

Resolution	Source	Question	Answer
1	ASA	The ASA calculates that the Executive Chairman received remuneration during FY20 with a dollar value of approximately A\$35m which included 3m performance rights from the FY17 scheme which vested in October 2019 of which 1.5m are subject to a 2 year lock; is this correct?	Correct – the background to this question is that in the preliminary meeting NST refused to endorse any numbers calculated by the ASA and would provide no guidance, despite them providing these figures for all KMP in FY19 in that year’s annual report.
	ASA	NST did a capital raising for KGCM in December 2019 with only \$50m allocated to all shareholders as a SPP which was significantly over subscribed. Please can the company in future be fairer to its retail shareholders in providing a significantly higher allocation to all shareholders and less to institutional shareholder only.	The Chairman agreed to consider the matter for future capital raisings
	ASA	The Chief Operating Officer appears to have been awarded a “retention” bonus of 150,000 performance shares (at \$14.64/share - about \$2.2M) with vesting in October 2020 and 50% in October 2021. Could the board provide more detail on why this was granted and why contingency plans were evidently not in place to mitigate this generous award	This question was lost in transmission, however on tabling resolution 1 proxies, the Chairman commented that the proxies indicated a “first strike” on the company due to “against” votes being greater than 25% and he speculated the reason to be the view of proxy advisors to the “retention” bonus granted to the Chief Operating Officer in what he described as a “white hot” employment demand for such talent
2	ASA	Can the board please comment on why the 4 items under this resolution were not separate motions since we find ourselves in the dilemma of agreeing with some but not others?	Will take note of comment for future Notices of Meeting and possibly break them down to individual motions
3	ASA	Since the Executive Chairman already had 5,845,274 shares in the company at 30 th June 2020 and also generous upcoming LTI performance rights from the FY17 scheme which should vest in coming years why did the board feel it necessary provide this magnitude of performance rights in the current year, since it would appear that a strong degree of alignment to shareholder interests is already in place.	The company considers that the performance rights proposed are in line with the highly competitive market for such people who have provided outstanding returns to shareholders.
Closure questions after resolutions tabled but prior to closure of voting	Since two ASA resolution 1 questions were delayed in transmission they were tabled and answered at this time		
	unknown	Shareholders in Tanami Gold (TAM) wished to know what plans NST had for the tenement where they held a significant interest	Watch this space – but no announcement now
	unknown	Why did not NST attempt to expand its reserves and resources more actively since it is tipped that gold price will go to US\$5,000/oz	NST had done a considerable amount to expand its reserves and resources and was in an enviable position particularly with the proposed merger. They would love the gold price to go to US5,000/oz when NST plans are based upon US\$1,500/oz.
		Re-iteration of the question above with the addition they the questioner did not consider NST reserves to be adequate.	As above but with emphasis on the size of reserves and the prospects of them increasing

Voting outcomes were:

Resolution	For	Against
1 Adoption of the Remuneration Report	74.88%	25.12%
2 Refresh of approval of FY20 Share Plan	99.64%	0.36%
3 Approval of issue of Performance Rights to Bill Beament, Executive Chair, under the FY20 Share Plan for FY21	63.48%	36.52%
4 Re-Election of Director – Peter O'Connor	99.22%	0.78%
5 Increase in aggregate Non-Executive Director Remuneration	98.57%	1.43%
6 Approval of issue of 68,862 Performance Rights to proposed Managing Director, Raleigh Finlayson, under FY20 Share Plan for FY21	99.11%	0.89%

The ASA representative voted proxies “against” resolutions 1, 2 and 3 but “for” the other resolutions. Note that the 25.12% vote against resolution 1 is a “first strike” pursuant to section 250U of the Corporations Act meaning that if there is another “strike” at the FY21 AGM then the NST board must resign. During the meeting, the ASA representative was unconvinced by the Executive Chairman’s address and his comments and answers to questions on resolution 1 and consequently changed the ASA proxy “open” votes on resolution 3 from “for” in the voting intentions to “against”.

The formal part of the meeting was followed by a presentation by both the Executive Chairman (Bill Beament) and CEO (Stewart Tonkin) on which can be viewed [HERE](#).

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