

NORTHERN STAR SIGNS HEADS OF AGREEMENT TO ACQUIRE CENTRAL TANAMI PROJECT FROM TANAMI GOLD

Northern Star Resources Limited (**NST**) is pleased to advise that it has entered into a binding joint venture Heads of Agreement (**HOA**) with Tanami Gold NL (**Tanami**) to progressively acquire a 60% joint venture (**JV**) interest in the Central Tanami Project (**CTP**).

The HOA comprises the following key terms:

1. NST will, at Completion, acquire a 25% interest in the CTP for A\$20 million, comprising a A\$11 million cash payment and the issue of 4,290,228 NST fully paid ordinary shares (**NST Shares**), which have a value of A\$9 million based on their 5 day volume weighted average price (**VWAP**) prior to announcement.
2. Upon acquiring this interest, an unincorporated JV between NST and Tanami will be formed and NST will become the manager of the JV.
3. NST will then earn a further 35% (for a total JV interest of 60%) by sole funding all expenditure and costs required to bring the project back into commercial production, which shall be achieved once the CTP process plant has been refurbished and is operated for a 30 day period or has produced 5,000 ounces of gold (**Commercial Production**).
4. NST will grant Tanami two put options to sell all its remaining interests in the CTP (together the **NST Put Options**):
 - a. the first put option will grant Tanami the right to sell 15% of CTP for A\$20 million in cash or NST shares (valued at the 5 day VWAP prior to exercise) at Tanami's election, at any time up to the earlier of 30 calendar days following achievement of Commercial Production or three years after completion of this acquisition of the initial 25% interest in the CTP (**Completion**). If Commercial Production is achieved more than three years after Completion, Tanami may exercise this option at any time up to 30 calendar days following achievement of Commercial Production; and
 - b. the second put option will grant Tanami the right to sell 25% of CTP for A\$32 million in cash or NST shares (valued at the 5 day VWAP prior to exercise) at Tanami's election at any time up to six calendar months after the achievement of Commercial Production.
5. During the sole funding period NST will conduct exploration on the tenements that it considers appropriate and consistent with good exploration practice and will proceed to refurbish the plant at the CTP in accordance with good mining and engineering practice.
6. The HOA is subject to a number of conditions, including the following:
 - a. the termination of the joint venture heads of agreement between Tanami and Metals X Limited (**MLX**) in relation to CTP announced on 9 February 2015 (**MLX Transaction**);
 - b. Tanami obtaining the approval of its shareholders under Listing Rule 11.2 in order to give effect to the transactions contemplated by the HOA; and
 - c. there being no superior proposal received by Tanami prior to the Tanami Shareholders meeting.

ASX ANNOUNCEMENT

26 February 2015

Australian Securities

Exchange Code: **NST**

Board of Directors

Mr Chris Rowe

Non-Executive Chairman

Mr Bill Beament

Managing Director

Mr Peter O'Connor

Non-Executive Director

Mr John Fitzgerald

Non-Executive Director

Ms Liza Carpene

Company Secretary

Issued Capital

Shares 592.4 million

Options 3.9 million

Current Share Price A\$2.20

Market Capitalisation

A\$1.3 billion

Cash and Cash Equivalents

31 Dec 2014 - A\$119.1 million

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Other Matters

The Directors of Tanami have stated that, in their opinion, the transactions contemplated by the HOA are superior to the transactions contemplated by the MLX Transaction and that they intend, subject to there being no superior proposals, to vote in favour of the NST transaction and against the alternative MLX Transaction in relation to any shares owned or controlled by them.

In addition, Tanami's largest Shareholder, Allied Properties Resources Limited, has confirmed that they intend, in the absence of a superior proposal, to vote in favour of the NST transaction, and against the alternative MLX Transaction if it is put to Tanami Shareholders.

Timetable

It is expected that Tanami will post its Notice of General Meeting and Explanatory Statement, to its Shareholders within the next 2 weeks.

Yours faithfully



BILL BEAMENT
Managing Director
Northern Star Resources Limited

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