

ASX Announcement
 24 August 2023

FINANCIAL RESULTS

FULL YEAR ENDED 30 JUNE 2023

Strong financial results and increased dividend underpinned by operating performance

- Delivered FY23 guidance with 1,563koz gold sold at AISC of A\$1,759/oz
- Revenue of A\$4,131 million, Underlying EBITDA of A\$1,537 million and statutory NPAT of A\$585 million
- Record Cash Earnings of A\$1,223 million¹, reflecting strong operational and financial performance
- Balance sheet strong and comfortably within financial policy targets, with cash and bullion of A\$1,247 million
- Unfranked final dividend of A15.5cps declared, following fully franked interim dividend of A11.0cps
- Northern Star extends on-market share buy-back for further 12 months in line with proactive capital management strategy

Northern Star Resources Limited (ASX: NST) (Northern Star) is pleased to report its financial results for the year ended 30 June 2023.

Commenting on the results, Northern Star Managing Director Stuart Tonkin said:

“Northern Star generated a record \$1,223 million in Cash Earnings in the past financial year, the result of our focus on safely delivering operational excellence in parallel to adhering to a disciplined approach to investing shareholders’ funds. The full-year result is a credit to our dedicated team, who have worked hard to offset what remains a challenging operating cost environment, particularly in Western Australia.

“This full-year result also reinforces Northern Star’s strategy to identify growth opportunities within our strongly endowed geological terrains that can deliver superior returns to shareholders. Our announcement in June to proceed with the Fimiston mill expansion at KCGM, our largest and most significant asset, highlights the organic optionality and upside potential built into our portfolio.

“The Fimiston mill expansion is in addition to our fully funded, profitable five-year growth strategy, which we continue to diligently execute to position the Company’s assets in the first half of the global cost curve.

“The strength of our FY23 Cash Earnings has allowed the Board to declare an unfranked final dividend of 15.5cps, which is the mid-point of our dividend policy². Combined with the on-market share buy-back that was launched during the year, we have increased our capital management returns to shareholders since Northern Star’s creation in FY12 to \$1.4 billion – confirming our position as a leading ASX-listed mining company committed to sustainable returns to shareholders.”

Webcast Details

Northern Star’s FY23 financial results conference call will be held today, 24 August 2023 at 9:00am AEST (7:00am AWST). The call can be accessed at: <https://kapara.rdbk.com.au/landers/e1d8bb.html>

¹ Cash Earnings defined as Underlying EBITDA less net interest, tax paid and sustaining capital.

² Dividend Policy is 20-30% of Cash Earnings. FY23 dividends of A26.5cps corresponds to 25% of Cash Earnings.

FY24 Guidance

Northern Star's FY24 guidance outlook was announced on 19 July 2023 (refer to ASX release entitled "June 2023 Quarterly Activities Report"). The Company is safely executing its operational improvement and growth project pipeline while responsibly advancing its strategic purpose to deliver superior returns to shareholders.

Northern Star's financial position remains strong, with net cash of A\$362 million³. The Company's FY24 growth program is fully funded and aligns with our clearly defined capital management framework.

The Company is on track to deliver 1,600-1,750koz gold sold at an AISC of A\$1,730-1,790/oz in FY24. Gold sold will be weighted towards 2H because of increased production at Thunderbox as the mill sustainably delivers 6Mtpa, higher ore volumes and grade at KCGM, and continuous grade improvement at Pogo. For the September quarter, planned major shutdowns will be carried out across all the three production centres.

Northern Star's Group capital expenditure (sustaining, growth, exploration) for FY24 is forecast to be similar to FY23, excluding KCGM Mill Expansion capital expenditure of A\$525 million. Works pertaining to the expansion spend include enabling works and early infrastructure construction.

Figure 1: FY24 Group Guidance

FY24 GUIDANCE	UNITS	KALGOORLIE	YANDAL	POGO	TOTAL
Gold Sales	koz	820 - 900	420 - 570	260 - 280	1,600 - 1,750
AISC	A\$/oz	1,730 - 1,780	1,655 - 1,700	1,900 - 2,015 (US\$1,270 - 1,350)	1,730 - 1,790
Growth Capital Expenditure*	A\$M	890 - 960 Includes \$525M KCGM Mill Expansion	205 - 225	52 - 60 (US\$35 - 40)	1,150 - 1,250
Exploration	A\$M				150

*Includes A\$3-5M of corporate investment.

AISC and Capital Expenditure converted at a currency using AUD:USD = 0.67.

Figure 2: Multiple growth projects to deliver five-year profitable growth plan

	FY22 1.56Moz	FY23 1.56Moz	FY24 1.60-1.75Moz	FY25	FY26
Kalgoorlie	KCGM Fleet Delivery ✓	Grow KCGM material movement ✓	KCGM material movement 80-100Mtpa increasing grade		1,100koz KCGM = 650koz
Yandal	TBO Mill Expansion ✓	TBO Mill Commissioning ✓		600koz 9Mtpa milling (3Mtpa Jundee, 6Mtpa TBO) Regional processing savings from various ore sources	
Pogo	Mill Expansion ✓	Mine Optimisation ✓		300koz Development ~1,500m per month Mining = Milling = 1.3Mtpa	

³ Net cash is defined as cash and bullion (A\$1,133M cash plus A\$114M bullion) less corporate debt (A\$885M).

FY23 FINANCIAL HIGHLIGHTS

Northern Star is pleased to report its financial results for FY23, based on a strong operational performance across the Company's three production centres – Kalgoorlie and Yandal in Western Australia and Pogo in Alaska.

Highlights include record revenue of A\$4.1 billion, strong Underlying EBITDA of A\$1,537 million and record Cash Earnings of A\$1,223 million, showcasing the quality performance of the Company's assets.

Table 1: Key financial and operating results for the full year ended 30 June 2023

Key financials ¹	Units	FY23	FY22 ²	% Variance
Revenue	A\$M	4,131	3,806	9
EBITDA	A\$M	1,943	1,773	10
Underlying EBITDA	A\$M	1,537	1,549	(1)
Depreciation & Amortisation	A\$M	1,059	1,111	(4)
Underlying EBIT	A\$M	478	438	9
Underlying NPAT	A\$M	301	295	2
Statutory Net Profit After Tax (NPAT)	A\$M	585	452	29
Cash Earnings	A\$M	1,223	1,054	16
Operating cash flow	A\$M	1,352	1,631	(17)
Cash and bullion	A\$M	1,247	628	99
Margins				
Underlying EBITDA	%	37	41	(4)
Production				
Annualised gold sold	koz	1,563	1,561	-
Annualised all-in sustaining cost (AISC)	A\$/oz	1,759	1,633	8
Annualised average gold price realised	A\$/oz	2,639	2,433	8

(1) EBITDA, Underlying EBITDA, Cash Earnings and Underlying NPAT are non-GAAP measures. Table reconciling to statutory NPAT included below.

(2) Figures have been restated due to a change in accounting standards related to the accounting for pre commercial production revenue and costs. These figures agree to the comparative figures in the FY23 Annual Report.

The reconciliation of Underlying EBITDA and Cash Earnings is presented below.

Table 2: Underlying EBITDA and Cash Earnings adjustments

	Units	FY23	FY22 ²
Net Profit After Tax	A\$M	585	452
Tax	A\$M	260	190
Depreciation & Amortisation	A\$M	1,059	1,111
Interest Income	A\$M	(26)	(6)
Finance Costs	A\$M	65	26
EBITDA	A\$M	1,943	1,773
Impairment Charges	A\$M	42	52
Write back of inventory stockpiles	A\$M	(437)	-
Gain on Disposal of Subsidiary and Asset	A\$M	-	(298)
Other	A\$M	(11)	22
Underlying EBITDA	A\$M	1,537	1,549
Tax and Net Interest Paid	A\$M	(3)	(83)
Sustaining Capital	A\$M	(311)	(412)
Cash Earnings	A\$M	1,223	1,054

Northern Star delivered a Group Underlying EBITDA margin of 37% in FY23. All three production centres contributed strongly towards the Group EBITDA, reflecting the resilience of our business and ability to adapt to all operating environments.

Balance Sheet: At 30 June 2023, cash and bullion totalled A\$1,247 million with net cash of A\$362 million. The Company received funds relating to the US\$600 million senior guaranteed notes (“Notes”) offering. The Notes, due in April 2033, are guaranteed by certain wholly owned subsidiaries of Northern Star with interest payable semi-annually at a rate of 6.125% per annum. The Company also has A\$1.0 billion undrawn corporate bank debt which along with the cash and bullion provides liquidity of A\$2.2 billion to leave the Company well-funded.

Dividend: Under Northern Star’s dividend policy, the Board targets a total annual dividend payment of 20-30% of Cash Earnings generated by the business during any financial year. The Board has declared an unfranked final dividend of A15.5cps, with a record date of 6 September 2023 and payment date of 12 October 2023. For FY23, total dividend returns of A26.5cps, corresponding to 25% of Cash Earnings, was higher than the FY22 total dividend returns of A21.5cps. Since FY12, Northern Star has returned A\$1.3 billion cash to shareholders through dividends and special dividends. A Dividend Reinvestment Plan is available to shareholders.

Acquisitions and divestments: Active and disciplined portfolio management aligns with Northern Star’s five-year strategic plan to generate superior shareholder returns. During the year, the Company paid A\$157.6 million in total duty payments with the majority relating to provisional duty payments on the merger with Saracen Mineral Holdings Limited (Saracen).

Convertible debenture: In December 2021, Northern Star entered into a convertible senior unsecured debenture (funding agreement) with Osisko Mining Inc. to the value of C\$154 million (A\$169 million). The Debenture has a maturity date of 1 December 2025 and bears interest at a rate of 4.75% per annum payable semi-annually in arrears, which may be accrued at the option of Northern Star. During FY23, in line with accounting standards the Company revalued the debenture by \$10.4 million (FY22: \$0.8m) to \$180.1 million.

Tax: During FY23, Northern Star was refunded A\$20 million in respect of prior year income taxes. The Company also paid an interim assessment totalling A\$155 million in respect of landholder duty arising from the FY21 Merger with Saracen. At 30 June 2023, the value of franking credits available was A\$3.9 million (2022: A\$135.1 million). The Company does not expect to generate franking credits for at least 18 months because of tax synergies arising upon the Merger that have temporarily reduced the Company’s taxable income.

Buy-back: As at 30 June 2023, the Company’s A\$300 million on-market share buy-back was 42% complete with A\$127.1 million returned to shareholders. The buy-back has been extended for a further 12 months to 13 September 2024. The buy-back remains subject to prevailing share price and market conditions and will be executed at the Company’s discretion.

FY23 OPERATIONAL HIGHLIGHTS

Northern Star’s Operations delivered FY23 production and revised cost guidance with 1,563koz gold sold at an AISC of A\$1,759/oz. The strong June quarter performance achieved an annualised rate of 1.7Mozpa, with Pogo delivering a record quarter above its key growth objective of 300kozpa gold sold. Growth works advanced ahead of plan resulting in full year capital expenditure above revised guidance.

Northern Star generated strong full-year underlying free cash flow from our Operations, with Kalgoorlie contributing more than half of the Group’s performance. The strong fourth-quarter operational and financial results demonstrate the enhanced quality of the Company’s assets from ongoing optimisation work and positive returns from our capital investment program.

Discovery and Growth

For FY23, A\$752 million was spent on growth capital and A\$130 million on exploration.

The second year of our five-year profitable growth pathway delivered significant progress:

- Kalgoorlie: FY23 KCGM material movement 83Mtpa (vs FY26 target of 80-100Mtpa), up 26% from FY22
- Yandal: Thunderbox mill expansion advances to deliver 6Mtpa nameplate capacity
- Pogo: Focus on cost optimisation initiatives

In addition, the KCGM Mill Expansion was approved during FY23, setting the Company up for the next phase of enhancement for one of the world’s largest gold mines.



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Figure 3: FY23 Group performance vs guidance

FY23 ACTUAL vs GUIDANCE	UNITS	KALGOORLIE	YANDAL	POGO	TOTAL
Gold Sold (actual) <i>Guidance</i>	koz	841 820 - 870	478 485 - 520	244 225 - 240	1,563 ✓ 1,560 - 1,680
AISC (actual) <i>Guidance (revised)</i>	A\$/oz	1,735 1,700 - 1,735	1,613 1,525 - 1,625	2,128 (US\$1,431) 2,125 - 2,175 (US\$1,430 - 1,465)	1,759 ✓ 1,730 - 1,760
Growth Capital Expenditure (actual)* <i>Guidance (revised)</i>	A\$M	413 400	246 217	68 65	752 700
Exploration (actual)** <i>Guidance</i>	A\$M	59	43	23	130 ✓ 125

*Includes A\$25M of corporate growth capital expenditure.

**Includes A\$5M of corporate exploration expenditure.

AISC and Capital Expenditure converted at a currency using AUD:USD = 0.67.

FY23 SUSTAINABILITY REPORT HIGHLIGHTS

Northern Star is targeting reduction of its scope 1 and 2 absolute emissions by 35% by 2030 (from a 1 July 2020 baseline of 931kt CO₂-e), on the way to Net Zero Ambition operational emissions by 2050. In FY23, the Company executed a Power Purchase Agreement for a renewable energy project at Jundee, which incorporates a solar farm, battery energy storage facility and four wind turbines, designed to reduce Jundee's scope 1 and 2 emissions by between 35% and 50% by 2030.

Building a strong safety culture, powered by critical risk management practices, has seen the Company continue to be an industry leader in terms of our safety performance. In FY23, Northern Star's Lost Time Injury Frequency Rate (LTIFR) was 1.0 (injuries per million hours worked).

Northern Star strategically invests in our communities across Australia and Alaska through financial and in-kind means. In FY23, the Economic Value Add was A\$4.07 billion across direct and indirect spend. Our community investment expanded with long-term partnerships supporting organisations meeting our UN SDG gateways for financial and in-kind support.

Authorised for release to ASX by Stuart Tonkin, Managing Director & CEO.

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