Australian Shareholders' Association
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NST rides the gold price wave

Company/ASX Code	Northern Star Resources Limited/NST
AGM time and date	12:30pm AWST on Wednesday, 20 November 2024
Location	QV1 Conference Centre, Function Room, level 2, 250, St Georges Tce. Perth
Registry	Link Market Services
Type of Meeting	Hybrid: in-person and virtual
Monitor	David F Brooke assisted by Leanne Harrison
Pre AGM Meeting	With Micheal Chaney (Chairman) and Sarah Reilly (joint Company Secretary)

Monitor Shareholding: The individuals involved in the preparation of this voting intention have no shareholding in this company.

1. How we intend to vote

No.	Resolution description	Vote
1	Adoption of Remuneration Report	For
2	Approval of the issue of 242,660 FY25 LTI Performance Rights to MD & CEO, Stuart Tonkin	For
3	Approval of the issue of 121,330 FY25 STI Performance Rights to MD & CEO, Stuart Tonkin	For
4	Re-election of Director – Michael Ashforth	For
5	Re-election of Director – Sharon Warburton	For
6	Re-election of Director – Marnie Finlayson	For

2. Summary of Issues

- Revenue up by 19% driven by a 14.8% increase in realized gold price and 3.71% increase in gold sold (5.72% increase in production);
- Liquidity of A$998m relies upon a senior note of US$600m (A$905m) leaving net cash as A$93m at 30 September 2024 compared to net cash of A$375m at the end of FY23. During FY24 NST paid a 40c per share unfranked dividend (A$333.7m) and spent A$42.1m on purchasing its own shares whilst still supporting interest payments on their senior note;
- Share buyback of A$42.1m in FY24 leaving A$128m budget available to 14 September 2025. Shares on issue reduced by 2,523,048 over FY24 net of incentives vested
- In April 2024 All in Sustaining Cost (AISC); 20% of STI's, was modified higher but production guidance (50% of STI incentives) remained. However revised guidance targets were still only just met in FY24 as was also the case for FY23 (FY23 guidance was not revised);
- NST have decided to drop their internally constructed rTSR peer group in their FY25 LTI metric

and to focus relative performance entirely on the TSX global gold index – we welcome this move. Absolute TSR (10.3% in FY24) is not part of LTI performance incentives.

- NST has secured bank debt facilities of A$1.5B (maturing in two equal tranches in December 2027 and 2028 respectively) to safeguard budgeted growth expenditure against a possible gold price fall;
- During the year NST spent A$150m and added 3.919mozs to resources and 727kozs to reserves after depletion of 1.912mozs, however this increase was partially due to reserve cut off grade revisions (from 2g/t Au (FY23) to 1.5g/t Au (FY24)) and resource cut off grades of 1.8g/t Au triggered by a rise in assumed gold price from A$2,350/ozs (US$1,600/ozs) to A$2,500/ozs (US$1800/ozs) over the year; this part of the increase had little to do with exploration success;
- Limited upside to higher gold price margins due to hedging of 1.822Mozs of gold at an average price of A$3,208/ozs until June 2028 when the extant gold spot price is around A$4,000/ozs;
- Milled ore at KCGM increased (FY23 to FY24) by 32.5%, 75.9% mined open pit ore and 370% underground ore thus increasing average head grade from 1.8g/tonne (FY23) to 2.54g/tonne (FY24). KCGM gold production increased by 78% (432,152ozs to 769,385ozs);
- Thunderbox production up by 56,923ozs due to mill throughput upgrades in FY23;
- Sustained Pogo mine FY24 production at 279kozs (up 40kozs) at an AISC of US$1,335/ozs;
- Yandal production down by 39,238ozs (gold sold down by 46,826ozs) and AISC up from A$1,365/ozs to A$1,755/ozs due to a fire;
- FY25 growth capital guidance at A$950-1,020 million plus, KCGM mill expansion of A$500-530m with a similar sum budgeted for FY26 and ~A$100m in FY27, impacting cash flow;
- A$180m exploration budgeted for FY25;
- KCGM milling capacity expansion is reported to be on track although group cash flow (A$348m in FY24) has been impacted
- In the Q1/FY25 KCGM was cash flow negative (realised price A$3,408/ozs and all in cost (AIC) A$3,616/ozs, excluding corporate capex);
- In October 2024 NST will receive a one-time capital gain of ~A$37m due to the conversion of a Gold Fields limited debenture;
- NST has a comprehensive emissions reduction program which is targeting 30% reduction in scope 1 and 2 emissions by 2030.

3. Matters Considered

Accounts and reports

FY24 has been an excellent year (48% increase in cash earnings) due to a realised gold price increase of 14.86% and 5.7% production increase. In FY24 NST achieved A$1,853/ozs AISC against revised group guidance of A$1,810/oz to A$1,860/oz, former guidance (prior to 11th April 2024) was A$1,730/oz to A$1,790/oz). Group production of 1.621Mozs was marginally within unchanged guidance of 1.6 to 1.72 Mozs (FY23 production was also just above the lower threshold). Across the industry gold miners, costs have increased significantly, however skills shortages and inflation are now forecast to abate.

NST approved (22 June 2023) to increase KCGM processing capacity from 13Mt/yr to 27Mt/yr. NST claims that this will allow them to process large on-site sub-grade (0.68 g/tonne & written off) stockpiles (alongside mined ore) to increase KGCM production. NST expects KCGM to be producing around 650 000 oz/yr in FY26, increasing to around 900koz/yr from 2029, following a two-year ramp-up period. To facilitate expected production previously stockpiles and newly mined ore will be processed (however, legacy stockpiles appear to have significantly supplemented mined ore since FY21). Ongoing capex will now reduce ongoing margins between AISC and all in costs (AIC) over the next 4 years (particularly at KCGM). At KCGM the company claims payback in 4.6 years on full production at an internal rate of return of 19% largely based on processing legacy stockpiles as being sunk costs; they are however limited in quantity.

NST's formerly troubled Pogo mine in Alaska has experienced a turn around with sustained FY24 production of 279Kozs after a plant upgrade and full adoption of a new mining and maintenance methodologies; it is projected to produce 255kozs to 265kozs in FY25.

In Australia, the Thunderbox mine has been upgraded to 6Mt/yr and (together with Bronzewing) projected to produce 505kozs to 555kozs in FY25. Most of the planned KCGM increase in FY25 production will come from access to higher grade ore (Golden Pike North) thus increasing guided total FY25 Kalgoorlie area production to 890kozs to 980kozs.

Total FY25 group production is guided to 1.65mozs to 1.8mozs at an AISC of A$1,850 to A$2,100/ozs.

The dividend has grown from 26.5c (20% - 30% of earnings) in FY23 to 40c in FY24 although we note that these payments are now unfranked. The company expects dividends to re-qualify for franking next year.

The group net cash balance of A$148m on 30 September 2024 is largely due to a 10-year US$600m (A$905m at US$/A$ exchange rate of 0.663) senior guaranteed note (at 6.125% interest) taken out in April 2023. In net terms the current (October 2024) net cash balance is A$93m (at current exchange rates); a significant reduction from the A$375m net cash balance at end of FY23. The company pays dividends and also bought A$42.1m of its own shares during FY24 which it has extended to 14 September 2025 with A$128m of this budget outstanding. NST is ensuring forward liquidity to support planned capex with banking facilities (currently undrawn) of A$1.5B in addition to the existing senior note; its policy remains to be net cash positive in FY25 – the recent A$1.5B bank facility is a contingency.

4. **Financial Performance**

(As at FYE)	**2024**	**2023**	**2022**	**2021**	**2020**
NPAT (A$m)	638.5	585.2	429.8	1032.5	258.3
Share price (A$)	13.00	12.08	6.84	9.78	13.36
Dividend (cents)	40+	26.5+	21.5	19	17+10 special
Simple TSR (%)	10.3%	80.8%	-28.6%	-25%	16.4%
EPS (A$c)	55.1	50.3	13.6	-71.7	43.7
CEO total remuneration, actual (A$m)	7.117*	6.3*	2.375	4.17	18.06

+ unfranked dividends

* Salary was enhanced by a retention component which will cease after 30th June 2025

The latest Remuneration represents that the CEO earns 71 times the Australian Full time Adult Average Weekly Total Earnings (A$1,923.40 based on May 2024 data from the Australian Bureau of Statistics).

5. Key events

1. A fire (and earlier floods) at Jundee caused an increase of AISC to A$1,755/ozs (FY23 A$1,365/ozs); this appears to be continuing into this September quarter with an AISC of A$2,082/ozs. Low production at Jundee was offset by improved production at Pogo and a mill upgrade at Thunderbox;
2. Completion of upgrades at Thunderbox to 6mT/yr to provide FY25 guidance for the Yandal processing hub of 505kozs to 555kozs at an AISC of A$1,930/ozs to A$2,210/ozs;
3. An approved expansion of the Fimiston Processing Plant (KCGM) announced in June 2023 to increase mill capacity from 13Mtpa to 27Mtpa by FY29 (including a 2-year ramp-up). This sets up KCGM, as one of the world's largest gold mines and the major enabler for 2Mozs/yr group production by FY29. This expansion has a budgeted capex of A$1.5B over 4 years with A$500-530m budgeted for FY25;
4. Access to a high grade zone (Golden Pike north) at KCGM in 2H/FY25 provides FY25 guidance for Kalgoorlie operations (including ~650Mt from KCGM) to be 890kozs to 980kozs at an AISC of A$1,740/ozs to A$2,000/ozs;
5. Pogo provides FY25 guidance of 255Kozs to 265kozs at an AISC of US$1,395/ozs to US$1,460/ozs;
6. Production is hedged, at 1.822moz at an average price of A$3,122/oz over 3 years (representing around 32% of FY25 midpoint guidance production) – this will constrain margins over this period.

6. Focus Issues

Governance and Culture

The importance of Governance and Culture is reflected by the employment of appropriate expertise, audits, remuneration incentives and Committees including –

- Environmental, Social and Safety Committee with a focus on operational risks, and assisting the implementation of environmental management, fair dealings for all stakeholders, human rights (including modern slavery), long term environmental social & safety strategic risks. Northern Star has achieved a good safety record with LTIFR at 0.5 injuries per million hours worked and TRIFR at 2.4.
- The Audit & Risk Committee reviews wider strategic risks, including climate change.
- People & Culture Committee reviews culture, talent management, retention, remuneration and assessment of performance and leadership development.

Northern Star is committed to achieving Net Zero emissions by 2050 and has set an interim target of reducing its Scope One and Two emissions by 35% by 2030. Building renewable energy such as wind and solar into forward planning as well as maintaining strong climate change governance processes.

Currently their supply chain management is looking at responsible sourcing, local procurement as well as Indigenous procurement.

Building better oversight - directors and boards

The matrix in the annual report illustrates a high score for most of the comprehensive skills and experience required by the Board to fulfil NST's strategic plan, apart from digital technology and data as well as innovation and disruption. A future matrix that indicated each individual Board member's skills and experience would support the shareholders' decisions on voting for a director's election or re-election.

Driving sustainable practices and improving ESG strategy

The FY24 Sustainability Report had limited assurance from Bureau Veritas Australian Pty Ltd on relevant data and requirements set out in Global Reporting Initiative standards. Other progress towards greater ESG accountability include – Completing a Climate Change related risk financial quantification model, following up of suppliers in completing Slavery Supplier Survey information and continuing to report against the numerous ESG requirements including SASB, TCFD, CDP and GRI standards.

NST continues towards a Net Zero Ambition by 2050, with the 2024 planned execution of the Renewable Power Purchase Agreement at Jundee for a renewable energy project utilising solar, wind and battery storage designed to reduce Jundee's Scope 1 & 2 Emissions by 35% and 50% by 2030. It is unclear to us on how NST will reduce scope 2 emissions at KCGM as they more than double processing by 2029.

Overall NST is making progress to meet ESG community expectations using numerous evolving international reporting matrices, including assessing cyber security risks.

7. Rationale for Voting Intentions

Resolution 1 - Adoption of Remuneration Report – For

The movement of LTI's to a 4-year performance term (in line with ASA guidelines} must be commended. We also note that NST is moving to a third party published index (the TSX gold index) and dropping its internal "peer group" which we also consider a positive step for FY25.

The remuneration report appears to have been administered fairly with retention rights (CRR) now being dropped as scarcity of skilled labour has improved; we however note that limited retention rights remain in ongoing FY25 LTI's. On the basis of fair implementation and future movement towards ASA goals, we vote "for" the remuneration report

We note that FY24 STI's attainment was evaluated at 58.4% which was largely due to production being marginally above the lower guidance threshold, however AISC (20% rated) was evaluated as 0% due to it being higher than the original threshold - the company claims that rampant cost inflation was the cause.

Our problem with the remuneration measures is that production has a lower threshold after which it is prorated; however, it is also the denominator in the AISC calculation and thus the two components (production and AISC) are interlinked with production being a common factor. Potentially one can be manipulated at the expense of the other (e,g by reducing maintenance); this can later come back to bite. The use of an AISC goal (weighted at 20% - which may be amended (and in FY24 was) but the production metric still achieved (weighted at 50%) – in our view a conflict of interests maybe embedded (by the April 2024 variation) to using AISC. The production (50% weighted) was just above lower bound but then prorated which qualified the production incentive at the expense of AISC once the April 2024 AISC revision was implemented. We would welcome a 50/50 split (i.e 35% to each measure) so as to discourage "*robbing Peter* (AISC) *to pay Paul* (production)".

In our view instead of AISC as a measure it would be more appropriate to use group operating expenditure including sustaining capital (in $ terms – the numerator to AISC) as an upper boundary threshold with incentives being offered for savings on that amount whilst at a minimum achieving production guidance. It is of concern that NST only just achieved the lower bound of production guidance for two consecutive years.

The FY24 LTI's have only one performance (80% weighted) criteria (50% to a chosen peer group and 50% to the TSX Global Gold Index. The chosen peer group (50%) are said to be comprised of gold miners of "similar size" and operating in "similar jurisdictions". As is now recognised by the company this LTI measure contains anomalies by double counting giant companies such as Newmont and Barrick who appear in both groups and maybe characterised as "slow growing" rather than demonstrating spectacular (47%) NST rTSR returns. We welcome the move by the company in FY25 to at least only single count such peers and adopt a 3rd party derived comparator. On an absolute TSR basis only 10.3% was achieved in FY24.

We note that KMP fixed annual remuneration (FAR) has been increased by $75k - $125k/yr, however, there appears to have been a moratorium for 3 years and thus it appears justified for such high earners.

The share price was supported by a $42.1m spent for FY24 with A$128m outstanding for FY25 thus allowing scope for enhancing the share price (and rTSR), supporting LTI's but also avoiding share dilution. We generally support purchase of shares to provide for incentive (rather than issuing shares under ASX rule 7.1) however over the period August 2023 to August 2024 shares on issue still only reduced by 2,523,048 shares despite spending A$42.1m on share purchases (i.e 1,151,704,664 shares in 2023 to 1,149,181,616 shares in 2024)

For a successful, growing company, 50% paid at the 50th percentile and 100% at the 75th percentile, cannot be justified. In our opinion only 30% at the 50th percentile and moving to 100% at the 85th percentile would reflect adequate ambitions.

Resolution 2 - Issue of 242,660 FY25 LTI Performance Rights to MD & CEO, Stuart Tonkin - For

The resolution seeks to approve share rights which had a grant value on 30 June 2024 of A$3.67m, being his maximum opportunity for this LTI.

Vesting of these LTI rights will be determined at the time of the release of the Company's full year results for FY28 (i.e. in August 2028). The LTI rights will only vest to the extent performance conditions have been satisfied to a maximum of 120% (of FAR) for rTSR vs the TSX gold index; we welcome the move to an independent peer group and for this reason are voting "for" this motion. We note however that this index is still dominated by large gold miners who, based upon history, have not provided a serious challenge.

Since in FY24 only 10.3% absolute TSR was recorded we would welcome an absolute TSR measure to be added as an ongoing LTI component; shareholders do not confine themselves to the gold sector to benchmark expected returns.

The ESG measure (20% weight of 200% of FAR) includes scope 1 and 2 emission reduction achievement, however, we also feel that the overall ESG target (20%) should contain a component for water conservation as this was part of the 2021 incentives.

The remaining measure (20% weight of 200% of FAR) is a replacement for expiring retention rights and is only subject to full time employment with the company to 30 June 2028. We understand that skill shortages have abated (although senior management competition from other local miners is apparently high) and question the necessity to keep this component; it was not part of pre-pandemic incentives.

Resolution 3 - Issue of 121,330 FY25 STI Performance Rights to MD & CEO, Stuart Tonkin - For

These STI rights contain financial measures (such as production and AISC) which make up 70% of the metric. As with LTI's we consider that the thresholds are insufficiently challenging (at 1,659kozs to 1,800/ozs AISC) and the caps also need to be elevated to 85%. With the large amounts on capex (and US$600m note and possible use of bank facilities) we consider that the company is entering a high-risk period with elevated leverage and that Mr Tonkin should be similarly exposed to these inherent risks with higher threshold targets, evidenced by the April 2024 AISC amendment. The forward risk has substantially increased with the large investment now envisaged and we consider that Mr Tonkin should be better aligned to that objective particularly since production and AISC are related but production carries 50% of this STI but AISC only carries 20%, Unfortunately, the AISC trend since FY18 and recent poor attainment of group production with flexible AISC targets (including the Q1/FY25 result) do not provide confidence.

We also consider that the STI's should be over two years rather than one year, however we note that 50% does have to been taken as equity (or part thereof) and that Mr Tonkin has elected to take the whole of his STI as equity – it is due to this election that we vote "for" this motion.

Resolution 4 - Re-election of Director – Michael Ashforth - For

Mr Ashforth will bring to the Board necessary experience of mergers and acquisitions to replace John Richards who retired in July and will also be a necessary replacement for Mr Fitzgerald who has now served the company well for 12 years and may soon be coming up for retirement and no longer be considered independent under ASA Guidelines due to his long service.

Presumably, Mr Ashford will take over the role of Mr Richards as a member of the audit and risk and nominations committees and chair of the Exploration and Growth Committee. Mr Ashforth is still to be allocated duties on board committees.

Resolution 5 - Re-election of Director – Sharon Warburton - For

Ms Warburton joined the NST board in September 2021, she is a fellow board member with Mr Chaney at Wesfarmers. Ms Warburton is an accountant by training and has held senior executive positions in several leading Australian companies, is a member of the take-overs panel and several not-for-profit organisations. Her experience in the mining industry and business is very relevant to NST.

Ms Warburton is a member of the Audit and Risk, People & Culture, Environmental, Social & Safety and Nomination Committees.

Ms Warburton has many roles both within NST and externally. Given her heavy workload she will need to manage her workload carefully.

Resolution 6 - Re-election of Director – Marnie Finlayson - For

Ms Finlayson was appointed to the board on 1 October 2022; she has extensive operational experience with Rio Tinto both domestic and international. Her background in chemical engineering and leadership of the Rio Tinto battery materials area will provide experience of a rapid technology change in a growing sector will help NST to remain aware of emerging process technologies

Ms Finlayson is a member of the Exploration and Growth, Environmental, Social and Safety and Nomination Committees.

Along with the other female members of the NST board she brings technical skills along with gender diversity to a male dominated mining industry.

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Appendix 1
CEO Remuneration framework detail

CEO rem. Framework for FY24	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.835	25%	1.835	25%
STI - Cash	0.688	9.375%	0.9175	12.5%
STI - Equity	0.688	9.375%	0.9175	12.5%
LTI	2.2	30%	3.67	50%
Total	5.413	73.75%	7.34	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

* Target remuneration includes deferred amounts subject to hurdles in subsequent years before vesting.
* In addition to the above amounts the CEO gets an additional payment as dividend equivalent rights earned on unvested LTI's; this is paid in cash.