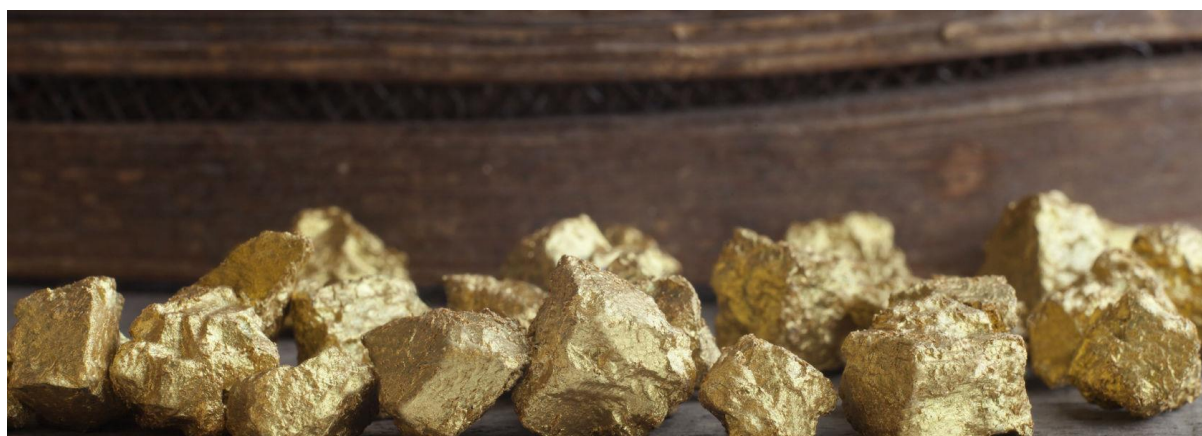


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Kristie Batten

Northern Star offloads non-core project

NORTHERN Star Resources has agreed to sell its non-core Ashburton project to Kalamazoo Resources in a deal worth up to A\$17.5 million.



Northern Star will receive \$5 million in cash when the first 250,000 tonnes of ore is mined and a 2% net smelter royalty on the first 250,000 ounces of gold produced, and a 0.75% royalty thereafter.

The 2% NSR is worth \$12.5 million at a spot price of \$2500 an ounce.

The Ashburton project is about 50km from Paraburdoo in Western Australia's Pilbara region.

Northern Star acquired the project from Sipa Resources in 2011 for a royalty and the replacement of environmental bonds worth \$445,000.

The project is just 5km from what was then Northern Star's only operating mine, Paulsens.

Ashburton was promoted as Northern Star's second 100,000oz per annum operation until its acquisition of larger operations in WA from Barrick Gold and Newmont.

The project has a resource of 1.66 million ounces of gold at 2.4 grams per tonne.

Northern Star halted expenditure on Ashburton in 2013 and Paulsens was put on care and maintenance in 2017.

"The Ashburton project no longer fits in Northern Star's portfolio but still has strong potential on both the exploration and production fronts," Northern Star executive chairman Bill Beament said.

"The royalty structure also enables Northern Star to retain an exposure to the project."

Kalamazoo remains in a trading halt, pending its own announcement.

The company has gold projects in the Pilbara and Victoria.

It reported cash and receivables of \$11.8 million cash earlier this month, as well as the potential to realise a further \$25 million from the exercise of options.

Eric Sprott and Novo Resources each hold 8.1% of Kalamazoo after investing in the company late last year.

Novo's Dr Quinton Hennigh is a technical advisor to Kalamazoo.

Kalamazoo shares last traded at 48.5c, valuing the company at \$61 million.

Northern Star was up 3.4% to \$13.47, taking the company's market capitalisation to just under \$10 billion.