

ASX Announcement
28 May 2021

ATO CLASS RULING – AUSTRALIAN INCOME TAX IMPLICATIONS

Findings of the Class Ruling

To summarise, the Class Ruling confirms that:

- you may elect to choose scrip-for-scrip rollover for CGT purposes (CGT Rollover); and
- the Special Dividend was a fully-franked dividend for income tax purposes.

Saracen Mineral Holdings Limited (Saracen) and Northern Star Resources Limited (ASX: NST) are pleased to announce that the Australian Taxation Office (ATO) has issued Class Ruling 2021/38 (the Class Ruling) on 26 May 2021 in relation to the Scheme of Arrangement (the Scheme) implemented on 12 February 2021 where NST acquired 100% of the ordinary shares in Saracen (Saracen Shares).

The Class Ruling contains details of the Australian income tax implications for certain Saracen Shareholders who:

- participated in the Scheme (Saracen Shareholders), and therefore sold their Saracen Shares to NST on 12 February 2021 in exchange for 0.3763 NST Shares.
- received a dividend (the Special Dividend) of \$0.038 per Saracen Share as announced on 1 February 2021 and paid on 11 February 2021.

Australian Taxation Considerations

Section 9 of the Scheme Booklet (dated 10 December 2020) provides a general overview of the Australian income tax (including Capital Gains Tax (CGT)), Goods and Services Tax (GST) and stamp duty implications for certain Australian and foreign resident Saracen Shareholders upon implementation of the Scheme.

The Class Ruling confirms the general income tax implications previously provided at section 9 of the Scheme Booklet. Further, the Class Ruling provides an expression of the opinion of the Commissioner of Taxation (the Commissioner) in relation to the Australian income tax implications of the Scheme and the Special Dividend for certain Saracen Shareholders. The Class Ruling is binding on the Commissioner if you are able to rely on, and rely on, the Class Ruling.

A copy of the Class Ruling is appended to this announcement. The Class Ruling will also be published on the ATO website on 26 May 2021 (<https://www.ato.gov.au/law/view/pdf/pbr/cr2021-038.pdf>). NST has also made a copy of the Class Ruling available (<https://www.nsrld.com/about/corporate-governance/>).

We have provided a broad summary of the Class Ruling below. Saracen Shareholders are encouraged to read the Class Ruling and Section 9 of the Scheme Booklet and to seek independent and professional taxation advice regarding the implications of the Scheme having regard for their own circumstances.

Application of the Class Ruling

Importantly, the Class Ruling will apply if you:

- were a Saracen Shareholder on the Scheme Record Date (being 7:00pm AEDT on 5 February 2021); and
- held your Saracen Shares on capital account.

Conversely, the Class Ruling will not apply if you:

- held your Saracen Shares on revenue account;
- acquired your Saracen Shares under a Saracen employee share plan on or after 6 October 2020; or
- are subject to the Investment Manager¹ or taxation of financial arrangements regimes²

¹ Subdivision 842-I of the *Income Tax Assessment Act 1997*

² Division 230 of the *Income Tax Assessment Act 1997*

ATO CLASS RULING – AUSTRALIAN INCOME TAX IMPLICATIONS

CGT Rollover

If you made a capital gain upon the exchange of your Saracen Shares for replacement NST Shares (the Disposal), you may choose scrip for scrip rollover (CGT Rollover). If you choose CGT Rollover:

- the capital gain that arises from the disposal of Saracen Shares to NST is disregarded.
- the CGT cost base of your new NST Shares is worked out by reasonably attributing the CGT cost base of your original Saracen Shares which were exchanged.

If you do not, or cannot, choose CGT Rollover you must take into account any capital gain or capital loss on the Disposal.

The proceeds applicable to the Disposal was the market value of the NST Shares received in exchange for your Saracen Shares. NST has determined that the relevant market value of each NST Share provided to Saracen Shareholders on 12 February 2021 was \$12.0871. Please refer to <https://www.nsr ltd.com/wp-content/uploads/2021/02/Taxation-Matters-in-Relation-to-Merger.pdf>).

Importantly, the Class Ruling confirms that the Special Dividend should not be included as proceeds in the Disposal.

Special Dividend

The Class Ruling confirms that the Special Dividend was a fully-franked dividend for income tax purposes. Therefore, franking credits to the value of \$0.016 per Saracen Share (the Franking Credits) were attached to the Special Dividend.

Broadly, Australian Resident Shareholders should include both the Special Dividend and the attached Franking Credits in their assessable income. A franking credit tax offset may also be available.

Foreign resident Saracen Shareholders should generally not need to include the Special Dividend (or the Franking Credits) in their Australian assessable income. Franking credit tax offsets will not be available. Foreign resident Saracen Shareholders may be exposed to tax implications in other jurisdictions as a result of the Scheme and/or receiving the Special Dividend and should seek independent and professional taxation advice in this regard.

Authorised for release to the ASX by Morgan Ball, Chief Financial Officer.

Investor Relations Enquiries:

Morgan Ball
Chief Financial Officer
Northern Star Resources Limited
T: +61 8 6188 2100
E: compliance@nsrltd.com

Media Enquiries:

Paul Armstrong
Read Corporate
T: +61 8 6188 2100
E: paul@readcorporate.com.au