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**March 2013 Quarterly Report** 

# 22% lift in Pacific Operations gold production

## **Overview**

## **Executive Summary**

Results from the Pacific Operations are responding to recent initiatives with demonstrable improvement in plant throughput rates, gold production volumes and lower unit costs.

The successful issue of 5 year Senior Secured Notes raising US\$250 million was completed on 28 March 2013, with A\$150 million of the proceeds applied to repay the Company's Syndicated Debt Facility. The issue of the Notes significantly strengthens the Company's cash balance and better matches the Company's debt profile with its strategic objectives.

With the majority of growth capital expenditure for the Pacific Operations having now been spent, cash at the end of the quarter of A\$120 million provides ample liquidity for the Company to complete the turnaround of the Pacific Operations in the near term at current gold prices.

The sale of Southern Cross Operations has been completed, with A\$18 million cash proceeds received in April.

#### **Operations**

- Consolidated gold production for the quarter was 86,818 ounces, representing an 8% increase in gold production from continuing gold operations compared to the December 2012 quarter.<sup>[3]</sup>
- In the March quarter the Leonora operations generated positive net cash flows after capital expenditure of A\$26 million, and the Pacific Operations generated negative A\$6 million of net cash flows before project expenditure of A\$13 million in the quarter.
- Gwalia gold production was 40,772 ounces for the March quarter, with a cash operating cost per ounce<sup>[2]</sup> of \$814 (Dec 12 qtr 43,745oz @ \$744 / oz). Gold production was impacted early in the quarter by short term operational issues which have been resolved, and the mine produced in excess of 19,000 ounces in March.
- King of the Hills gold production of 16,940 ounces was above expectations, at a cash operating cost of \$892 per ounce (Dec 12 qtr: 12,709 oz @ \$829 / oz).

- Gold Ridge gold production increased by 31% to 13,984 ounces for the quarter at a substantially lower cash operating cost of \$1,393 per ounce (Dec 12 qtr: 10,654 oz @ A\$2,180 / oz).
- Simberi gold production increased by 14% to 15,122 ounces for the quarter at a lower cash operating cost of \$1,080 per ounce (Dec 12 qtr: 13,291 oz @ A\$1,253 / oz).

#### **Finance**

- Closing cash balance at 31 March 2013 was A\$120 million.
- Total interest bearing liabilities at 31 March 2013 of A\$312 million included the Notes and the Red Kite gold loan of A\$59 million, resulting in gearing of 28%.
- Average realised gold price was A\$1,566 per ounce for the quarter (Dec 12 qtr: A\$1,646 / oz).
- King of the Hills production continues to benefit from a put and call collar structure delivering a minimum price of A\$1,425 / oz (and maximum price of A\$1,615 / oz).

#### **Health and Safety**

 The Company-wide Total Recordable Injury Frequency Rate (TRIFR), calculated as a rolling 12 month average, further improved from 6.4 at 31 December 2012 to 5.5 at 31 March 2013 and is the lowest incidence of recordable injuries in the Company's recent history.

#### **Discovery and Growth**

- Targeting and drilling programs continued in Western Australia (WA), Papua New Guinea (PNG) and Solomon Islands (SI).
- On Simberi Island, PNG, significant gold results from trenching on near-mine prospects at Botlu and Patan are defining targets for drill testing next Quarter.
- On Tatau and Tabar Islands, PNG, drill targets have been defined by geochemical and geophysical surveys, and drilling has commenced on Tatau prospects.
- At Gold Ridge, SI, drilling has commenced on the Charivunga zone and work has defined several targets on the mining lease for drill testing in the June quarter.

<sup>[1]</sup> All financial figures are in Australian dollars. Financial year is 1 July to 30 June.

<sup>[2]</sup> Non-IFRS measure, calculation on page 10.

<sup>[3]</sup> Southern Cross Operations ceased operations in December 2012.



#### **Gold Price**

- Each of the Company's gold operations have been reassessed in response to the recent and significant decline in the gold price, and all are expected to achieve satisfactory returns at current gold prices (USD 1,400 per ounce).
- In particular, Leonora and Simberi Operations are expected to generate strong cash flows from operations in the June quarter. Gold Ridge is expected to be neutral or cash flow positive in the June quarter, with an improving cost profile and cash generation leading into FY14.

#### **Outlook**

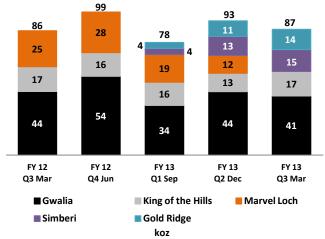
 Reflecting completion of three quarters production, guidance attributable to St Barbara for FY13 has been narrowed to be between 366,000 and 386,000 ounces (previously between 371,000 and 401,000 ounces). Details are summarised on page 9 of this report.

Tim Lehany
Managing Director and CEO
23 April 2013

## St Barbara Attributable Gold Production

The chart below shows gold production attributable to St Barbara, incorporating the Pacific Operations from the date of acquisition, 7 September 2012.

#### St Barbara Attributable Gold Production



Figures displayed to nearest thousand ounces. Reported ounces in associated table.

#### St Barbara Attributable Gold Production

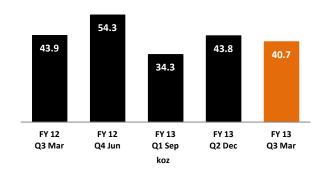
Production Summary Consolidated		Sep Qtr FY13	Dec Qtr FY13	Mar Qtr FY13
Consonance		1113	1113	1113
Production				
Gwalia	OZ	34,293	43,745	40,772
King of the Hills	OZ	15,935	12,709	16,940
Southern Cross	OZ	19,176	12,292	-
Gold Ridge <sup>[1]</sup>	OZ	4,057	10,654	13,984
Simberi <sup>[1]</sup>	OZ	4,269	13,291	15,122
Consolidated	oz	77,730	92,691	86,818
Mined Grade				
Gwalia	g/t	7.4	7.7	8.2
King of the Hills	g/t	4.3	4.7	4.1
Southern Cross	g/t	2.2	2.1	-
Gold Ridge <sup>[1]</sup>	g/t	1.3	1.4	1.5
Simberi <sup>[1]</sup>	g/t	1.1	1.1	1.0
Total Cash Operating C	<u>osts</u>			
Gwalia	\$/oz	853	744	814
King of the Hills	\$/oz	754	829	892
Southern Cross	\$/oz	1,583	1,220	-
Australia	\$/oz	1,032	845	837
Gold Ridge <sup>[1]</sup>	\$/oz	1,838	2,180	1,393
Simberi <sup>[1]</sup>	\$/oz	1,251	1,253	1,080
[1] Pacific Operations at	ration rations	CL Davidson (		

<sup>[1]</sup> Pacific Operations attributable to St Barbara from 7 September 2012



## Gwalia, Leonora, WA

#### **Gwalia Gold Production**



A total of 40,772 ounces was produced from Gwalia for the quarter at a mined grade of 8.2 g/t Au and a cash operating cost of \$814 per ounce.

Production was sourced mainly from the South West Branch (SWB) of the mine with some March production coming from the Main Lode. SWB will be the main source of ore for the June quarter.

Gold production in the March quarter was adversely affected by poor drill and blast execution in January and early February. This resulted in some mining dilution and delays to the mine schedule, leading to fewer tonnes of ore mined and gold production below expectations for both months. These issues were addressed by mid-February, and 19,322 ounces of gold were produced from the Gwalia mine for the month of March.

During the March quarter, gold production was also sourced from Main Lode which carries higher deferred mining charges, resulting in the increase in 'Stripping and ore inventory adjustments'. The Gwalia mill is expected to continue to operate at or above its design capacity. Overall recovery achieved for the quarter was maintained at 96%.

## **Gwalia Mined Grade**



Production Summary		Sep Qtr FY13	Dec Qtr FY13	Mar Qtr FY13
Gwalia				
Underground ore mined	t	137,693	178,150	156,898
Grade	g/t	7.4	7.7	8.2
Low grade ore & stockpiles	t	45,841	51,235	12,402
Grade	g/t	1.4	1.1	1.6
Ore milled	t	185,125	230,241	171,086
Grade <sup>[1]</sup>	g/t	6.0	6.2	7.7
Recovery	%	96	96	96
Gold production	ΟZ	34,293	43,745	40,772
Cash Operating Costs			\$ per ounce	
Mining	-	598	498	493
Processing		143	148	132
Site services		114	56	81
Stripping and ore inventory		(40)	9	73
adjustments	_			
		815	711	779
By product credits		(4)	(6)	(5)
Third party refining & transport		2	2	1
Royalties	_	40	37	39
Total cash operating costs		853	744	814
Depreciation and amortisation	_	238	229	237
Total operating costs		1,091	973	1,051

[1] Includes Tower Hill low grade stockpile and Gwalia mineralised waste.

#### Outlook

Detailed mine planning indicates that the ore tonnes mined for the June 2013 quarter will be in excess of 220,000 tonnes. Total gold production is anticipated for the quarter of approximately 56,000 ounces at an estimated grade of approximately 7.7 g/t Au. No material from low grade stockpiles is planned to be processed in the June 2013 quarter.

FY13 gold production for Gwalia is expected to come within, and at the lower end, of published guidance, at 175,000 to 180,000 ounces (previously between 175,000 to 190,000 ounces), with the average grade for FY 13 expected to be between 7.5 to  $8.0~\rm g/t$  Au.

Cash operating costs per ounce of gold will be lower in the June 2013 quarter based on higher planned volumes of production. The cash operating cost per ounce for FY13 is expected to be within the revised guidance range of \$740 to \$770 per ounce (previously \$670 to \$700 / oz). The higher forecast unit cash operating cost at Gwalia is due to:

- lower than expected production year to date;
- higher operating costs associated with production issues experienced in January and February 2013; and
- increased mining volumes in the June 2013 quarter at a lower average grade.

Capital expenditure at Gwalia for FY13 is expected to be in the range of \$47 to \$50 million (previously \$45 to \$50 million).

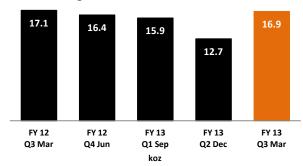


# King of the Hills, Leonora, WA

The King of the Hills operation performed well, producing 16,940 ounces of gold at a milled grade of 4.2 g/t Au for the quarter. The majority of ore was sourced from the Western Flank of the mine where selective mining methods are being applied to good effect.

Higher aggregate processing costs for the quarter included \$370,000 for normal mill reline and tank maintenance, for which King of the Hills received a higher allocation based on the proportion of ore tonnes mined. This contributed to a cash operating cost per ounce for the quarter of \$892.

## King of the Hills - Gold Production



		Sep Qtr	Dec Qtr	Mar Qtr
Production Summary		FY 13	FY13	FY13
King of the Hills				
Underground ore mined	t	114,358	99,106	129,869
Grade	g/t	4.3	4.7	4.1
Ore milled	t	117,559	91,531	132,130
Grade	g/t	4.4	4.6	4.2
Recovery	%	95	95	95
Gold production	oz	15,935	12,709	16,940
Cash Operating Costs			\$ per ounce	
Mining	_	531	669	642
Processing		195	204	247
Site services		38	110	61
Stripping and ore inventory		(33)	(148)	(67)
adjustments				
		731	835	883
By product credits		(19)	(40)	(32)
Third party refining & transpo	ort	1	1	1
Royalties		41	33	40
Total cash operating costs		754	829	892
Depreciation and amortisation	n _	350	350	350
Total operating costs	_	1,104	1,179	1,242

## Outlook

The operation continues to perform to expectations and guidance of between 55,000 to 60,000 ounces for the year is maintained.

The cash operating cost per ounce for FY13 is expected to be within the revised, lower guidance range of \$810 to \$830 per ounce (previously \$840 to \$870 / oz).

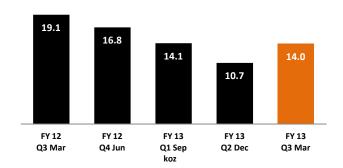
Guidance for capital expenditure for FY13 is maintained and is expected to be in the range of \$20 to \$25 million.



#### March 2013 Quarterly Report

## **Gold Ridge, Solomon Islands**

### **Gold Ridge - Gold Production**



Gold Ridge produced 13,984 ounces in the March quarter, up from 10,654 ounces produced in the December quarter.

New mining equipment comprising six new haulage trucks and a 120 tonne excavator arrived on site and were operational by mid-February. Higher than average rainfall in March, particularly from Cyclone Sandra, hindered mining rates, however, good progress has been made in opening up the Kupers Pit.

An additional grade control drill is on site and expected to be operational in the June quarter.

Progress has been made during the quarter understanding the geological setting and its relationship to ore characteristics in terms of both treatment and recovery. Understanding of the ore body is improving and work to lift overall plant performance is demonstrated in the results.

Processing throughput improved to 451,993 tonnes for the quarter (up from 373,159 tonnes in the December quarter) and head grade improved to 1.6 g/t Au (1.4 g/t Au in the December quarter) underpinning a reduction in processing costs of \$188 per ounce.

Metallurgical recovery was impacted by treatment of lower quality ore from the Valehaichichi deposit prior to accessing better quality ore from the Kupers open pit. Work continues to improve plant performance including the implementation of planned maintenance for hitherto bottleneck areas of the front end vibrating grate (or 'grizzly'), the plant thickener and carbon regeneration kiln. Results from initiatives to date are encouraging, particularly with the improvement in plant throughput rates. Design options for proposed modifications to the front end of the plant are currently being considered ahead of final design selection.

Significantly improved cash operating costs for the quarter of A\$1,393 per ounce reflect the increased production and operational and procurement cost reduction measures.

Production Summary		Sep Qtr	Dec Qtr	Mar Qtr
Gold Ridge		FY13	FY13	FY13
Ore mined	t	420,005	451,389	470,356
Grade	g/t	1.4	1.3	1.5
Ore milled	t	435,081	373,159	451,993
Grade	g/t	1.4	1.4	1.6
Recovery	%	74	65	61
Gold production	oz	14,079	10,654	13,984
Cash Operating Costs		Ş	per ounce	
Mining	_	465	607	282
Processing		732	954	766
Site services		411	516	411
Stripping and ore inventory		64	25	(88)
adjustments				
		1,672	2,102	1,371
By product credits		(10)	(9)	(16)
Third party refining & transport		5	6	2
Royalties		46	81	36
Total cash operating costs	_	1,713	2,180	1,393
Depreciation and amortisation		390	478	381
Total operating costs	_	2,103	2,658	1,774

## Attributable Production[1]

Production Summary		Sep Qtr	Dec Qtr	Mar Qtr
Gold Ridge		FY13	FY13	FY13
Ore mined	t	158,247	451,389	470,356
Grade	g/t	1.3	1.3	1.5
Ore milled	t	140,075	373,159	451,993
Grade	g/t	1.3	1.4	1.6
Recovery	%	72	65	61
Gold production	OZ	4,057	10,654	13,984
Cash Operating Costs		\$	per ounce	
Mining		583	607	282
Processing		798	954	766
Site services		392	516	411
Stripping and ore inve	ntory	32	25	(88)
adjustments				
		1,805	2,102	1,371
By product credits		(14)	(9)	(16)
Third party refining & transport		17	6	2
Royalties		30	81	36
Total cash operating costs		1,838	2,180	1,393
Depreciation and amortisation		440	478	381
Total operating costs		2,278	2,658	1,774

<sup>[1]</sup> Attributable to St Barbara from 7 September 2012

#### Outlook

In the June 2013 quarter gold production is expected to increase with higher volumes of ore available from the Kupers and Namachamata pits. The full year guidance for Gold Ridge is revised to between 50,000 and 55,000 ounces (previously 55,000 to 60,000 ounces).

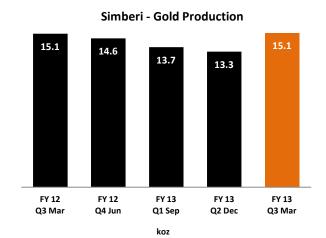
Cash operating costs are expected to fall to be less than A\$1,300 per ounce for the June quarter, with full year guidance maintained at between A\$1,450 to A\$1,620 per ounce.

Capital expenditure (including project capital) for the March and June 2013 quarters is estimated to be in the range of \$17 to \$20 million (previously \$10 to \$12 million). The increase represents the new mining fleet, which was delivered to site later than originally planned (previously allowed for in the December 2012 quarter).



#### March 2013 Quarterly Report

# Simberi, Papua New Guinea



All key production measures at Simberi improved during the quarter, including ore mined, ore milled and gold produced, despite higher than average rainfall. Work continues to increase mining volumes further, with a particular focus on increasing equipment availability.

Availability of the mill during the quarter improved from 79% in January to 93% in March.

The operation produced 15,122 ounces of gold for the quarter, a 14% improvement over the December quarter. Despite some downtime in the mill early in the quarter, the improving reliability of the processing facility as planned maintenance practices take hold, meant that the second half of the quarter and, in particular, the month of March recorded improved performance.

The cash operating cost of A\$1,080 per ounce for the quarter was also a 14% reduction compared to the December quarter (A\$1,253 per ounce). Grade milled for the quarter was maintained at 1.1 g/t Au. The transfer of the former trucking fleet from Gold Ridge to Simberi occurred in late February and whilst this assisted in lifting haulage capacity, rain from Cyclone Sandra in March slowed overall mining volumes.

#### **Simberi Oxide Expansion**

Significant progress on the Simberi Oxide Expansion project has been made during the March 2013 quarter. The plant expansion is due for commissioning during May 2013.

The four Wartsila generators have been performing satisfactorily since mid-January. The two remaining units will be installed in the early part of FY14 following the successful completion and commissioning of the expanded oxide processing plant.

Production Summary		Sep Qtr	Dec Qtr	Mar Qtr
Simberi		FY13	FY13	FY13
Ore mined	t	503,728	591,532	620,676
Grade	g/t	1.1	1.0	1.0
Ore milled	t	464,261	432,402	484,723
Grade	g/t	1.1	1.1	1.1
Recovery	%	83	89	89
Gold production	OZ	13,733	13,291	15,122
Cash Operating Costs			\$ per ounce	
Mining		373	364	339
Processing		513	565	499
Site services		275	410	355
Stripping and ore inventory	•	59	(124)	(154)
adjustments	_			
		1,220	1,215	1,039
By product credits		(7)	(6)	(2)
Third party refining & transport		18	10	11
Royalties	_	46	34	32
Total cash operating costs		1,277	1,253	1,080
Depreciation and amortisation		329	339	319
Total operating costs		1,606	1,592	1,399

## Attributable Production<sup>1</sup>

<b>Production Summary</b>		Sep Qtr	Dec Qtr	Mar Qtr
Simberi		FY13	FY13	FY13
Ore mined	t	168,218	591,532	620,676
Grade	g/t	1.1	1.0	1.0
Ore milled	t	139,732	432,402	484,723
Grade	g/t	1.1	1.1	1.1
Recovery	%	84	89	89
Gold production	OZ	4,269	13,291	15,122
Cash Operating Costs			\$ per ounce	
Mining		379	364	339
Processing		509	565	499
Site services		332	410	355
Stripping and ore inve	entory	(16)	(124)	(154)
adjustments				
		1,204	1,215	1,039
By product credits		(6)	(6)	(2)
Third party refining & transport		22	10	11
Royalties		31	34	32
Total cash operating costs		1,251	1,253	1,080
Depreciation and amortisation		340	339	319
Total operating costs		1,591	1,592	1,399

<sup>[1]</sup> Attributable to St Barbara from 7 September 2012

#### Outlook

For the June quarter the focus is on increasing mining volumes and maintaining production levels through the existing facility, as well as commissioning the new oxide processing facility. The full year guidance for Simberi is maintained at between 55,000 and 60,000 ounces.

Cash operating costs are expected to be less than A\$1,100 per ounce in the June quarter, with full year guidance maintained at between A\$1,050 to A\$1,200 per ounce.

Capital expenditure (including project capital) for the March and June 2013 quarters is unchanged and is estimated at between \$22 to \$25 million.



# **Discovery and Growth**

Encouraging results have been achieved from a number of targeting and early stage drilling programs in the Leonora (Figure 1) and Yilgarn (Figure 2) provinces, Western Australia, and on the Simberi Islands (Figure 3) and Solomon Islands (Figure 4) tenements in the South West Pacific.

- Gwalia Mine trend, Leonora, WA; a deep drilling program has been completed for Gwalia-analogue targets without intersecting significant mineralisation.
- Simberi Island, PNG; significant gold results from trenching on near-mine prospects at Botlu and Patan are defining targets for drill testing next Quarter.
- Tatau and Tabar Islands, PNG; drill targets have been defined by geochemical and geophysical surveys, and drilling has commenced on Tatau prospects.
- Gold Ridge, Solomon Islands; drilling has commenced on the Charivunga deposit and work has defined several targets on the Mining Licence for drill testing next quarter.

#### **South West Pacific**

## Simberi, Tatau & Tabar Islands, Papua New Guinea

(Figure 3)

On Simberi Island, channel and trench sampling continued on 2 main gold prospects to define oxide targets for drill testing in the next quarter, both of which are potentially underlain by sulphide mineralisation.

- **Botlu, Simberi Island**: significant trenching results include:
  - o 20m @ 3.0 g/t Au;
  - o 16m @ 2.4 g/t Au; and
  - o 18m @ 1.5 g/t Au.
- Patan, Simberi Island: encouraging gold anomalous results from initial trenching have been returned. Significant results include:
  - o 18m @ 2.9 g/t Au; and
  - o 12m @ 2.5 g/t Au.

Geochemical sampling continues on both the Mining Licence and Exploration Licence at Simberi Island.

Elsewhere within Exploration Licence (EL) 609 exploration continued on epithermal gold prospects on Tatau Island and on the Banesa porphyry gold-copper prospects on Tabar Island:

- Mt Siro prospect, Tatau Island: diamond drilling commenced targeting down-dip and up-dip extensions of mineralisation identified in two previous holes (6m @ 3.5 g/t Au and 30m @ 1.5g/t Au). Drill holes TT025 and TT026 intersected from surface:
  - o 24m @ 1.1 g/t Au; and
  - o 23m @ 1.8 g/t Au respectively.

Drilling also commenced at the **Seraror** prospect (previously known as Sirowar) testing lateral and down-

dip extensions of mineralisation intersected by two previous drill holes.

 Mt Tiro prospect, Tatau Island: a series of short diamond holes was commenced to confirm near surface gold oxide mineralisation intersected in historic holes and channel sampling. The wider program aimed at locating higher grade epithermal gold, a ground electrical geophysics (Induced Polarization) survey and grid based soil sampling.

#### Gold Ridge, Guadalcanal Island, Solomon Islands

During the March quarter, activities largely focused on resource extension drilling, combined with sterilisation drilling required for improved mine planning around the Valehaichichi and Dawsons open pits (Figure 4).

Diamond core drilling has commenced in the Charivunga area from Namachamata to delineate the potential resource extensions. Ground electrical geophysical and geochemical surveys are continuing. Geological mapping has clearly identified the principle structures controlling gold mineralisation, and several target areas have been identified for further work to be developed for drill testing next quarter. On the surrounding Prospecting Licence, negotiations continued with landowners to finalise surface access agreements.

#### Australia

#### Leonora Region, WA

Leonora targets (Figure 1): A deep drilling program of 5 drill holes was completed, targeting new Gwalia-analogues in the Gwalia South area, as identified in the geological and structural interpretation of the Greater Gwalia mine trend. Although several anomalous zones were intercepted in drill core, no economically significant gold mineralisation was identified. At Sullivans Creek, located north of Leonora, a second phase geochemical drilling program was completed. Assay results are pending.

#### **Other Areas**

Gawler province, SA: Copper-gold mineralisation is targeted on 2 licences, Brambles and Billa Kalina. Initial field work will commence on both licence areas during the next quarter, including a ground gravity survey at Billa Kalina once a 'deed of access' has been granted to the licence area.

**East Lachlan province, NSW:** Depending on the outcome of studies being completed on previous drill core, a ground electrical geophysics survey may be planned next quarter, followed by drilling.

#### Expenditure

All expenditure on mineral exploration for the March 2013 quarter was expensed:

Australia \$3.7 million
South West Pacific \$3.3 million

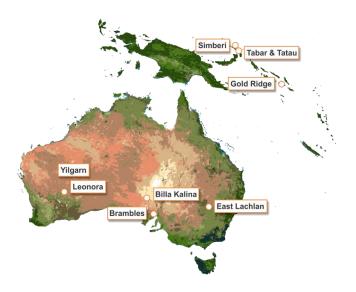


## **Discovery and Growth Outlook**

The June 2013 quarter will be largely focused on:

- testing near-mine drill targets at Botlu and Patan on Simberi Island;
- continuing drilling on Tatau Island and generating new drill targets on Tabar Island based on detailed geological, geochemical and ground electrical geophysical surveys;
- drilling principally the Charivunga zone and other nearmine targets at Gold Ridge;
- extending geochemical and geophysical surveys from the Gold Ridge mine area;
- completing further air-core geochemical drilling programs on targets in the Leonora and Yilgarn provinces;
- analysis of results from the East Lachlan Fold Belt, prior to a Phase 3 drilling program;

The map below shows current and planned target areas for the June 2013 quarter.



# **Health and Safety**

The Total Recordable Injury Frequency Rate (TRIFR) for St Barbara, inclusive of the Pacific Operations and calculated as a rolling 12 month average, improved from 6.4 at 31 December 2012 to 5.5 at 31 March 2013, and is the lowest incidence of recordable injuries in the Company's recent history.

# Financials (unaudited)

80,186 ounces of gold were sold in the March quarter, at an average realised gold price of A\$1,566 per ounce (Dec quarter A\$1,646 per ounce).

In March 2013, St Barbara completed a senior secured note issue following a successful offering in the United States Rule 144A bond markets. The issue consists of US\$250 million Senior Secured Notes due 15 April 2018 with a coupon rate of 8.875%, which were priced at 99.493% of the principal amount of the Notes. As part of the issue process St Barbara secured a "B" rating from Standard & Poor's and a "B2" from Moody's.

The five year term of the notes significantly strengthens the Company's balance sheet. The Notes were issued by St Barbara Limited, have a 5 year term, no performance covenants and are secured against the Australian assets. Net proceeds available to the Company after conversion to Australian dollars were approximately A\$233 million. These proceeds have been used to repay the Company's Syndicated Debt Facility of A\$150 million and provide cash collateralisation for the existing A\$20 million performance bond facility. The net balance of the proceeds was held as part of cash reserves at 31 March 2013.

Cash movements for the March 2013 quarter are set out in the following table:

Cash balance	\$m	
Cash balance 31 [	66	
Net cash from no	te issue in A\$	233
Interest and finar	ice costs	(7)
Repayment of syr	ndicated debt facility	(150)
Leonora	<ul> <li>operating cash flow [1]</li> </ul>	26
Pacific Ops	<ul> <li>operating cash flow [1]</li> </ul>	(6)
	<ul><li>project capex</li></ul>	(13)
Southern Cross	– care & maintenance	(3)
Corporate & reha	b	(11)
Working capital n	(5)	
Exploration	(7)	
Integration	(3)	
Closing cash bala	120	

Total interest bearing liabilities at 31 March 2013 of A\$312 million included the Senior Secured Notes of US\$250 million and the Red Kite gold loan of A\$59 million, resulting in gearing of  $28\%^{[2]}$ .

Analysis and renegotiation of supply contracts for the Pacific Operations has so far identified annualised savings in the order of A\$15 - \$A20 million p.a., with potential for further savings still to be identified.

<sup>[1]</sup> Net of sustaining capex.

<sup>[2]</sup> Debt ÷ (debt + equity).



## **Corporate**

#### **Sale of Southern Cross Operations**

The sale of Southern Cross Operations has been completed, with A\$18 million cash proceeds received in April and a further A\$8 million of currently restricted cash to be released shortly through the retiring of existing cash backed environmental bonds.

Southern Cross ceased mining and processing operations during the December 2012 quarter, and subsequently was placed onto care and maintenance.

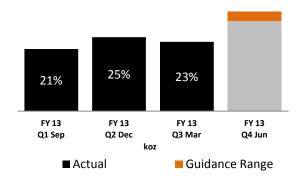
The sale process commenced following a detailed review of land holdings at Southern Cross, which indicated that significant capital would be required to develop new projects that were relatively high cost. Divestment was considered the best alternative to maximise value of the Company's investment in Southern Cross.

## **Outlook FY13**

Guidance for gold production attributable to St Barbara for FY13 is estimated to be between 366,000 and 386,000 ounces (previously 371,000 to 401,000 ounces), comprising:

	Gold production	Cash operating costs
	koz	A\$ / oz
Gwalia	175 – 180	740 – 770
King of the Hills	55 – 60	810 - 830
Marvel Loch	31	1,440 – 1,445
Gold Ridge	50 – 55	1,450 – 1,620
Simberi	55 – 60	1,050 – 1,200
Total	366 – 386	

# FY13 Attributable Production Indicative Guidance Profile



# Capital at 31 March 2013

#### **Issued shares**

Opening balance 31 December 2012	488,074,077
Share movement	-
Closing balance 31 March 2013	488,074,077
Unlisted performance rights	
Opening balance 31 December 2012	5,261,180
Issued	-
Lapsed	-
Closing balance 31 March 2013	5,261,180

## **Unlisted employee options**

There are no unlisted employee options.

#### **ASX & ADR**

The Company's shares are listed on ASX (SBM) and through American Depositary Receipts (ADR) traded in the USA.

#### **Senior Secured Notes**

Issue	US\$250 million
Issue price	99.493%
Coupon	8.875%
Redemption date	15 April 2018
S&P rating	В
Moody's rating	B2

# **Scheduled Future Reporting**

<u>Date</u>	Report
Late July 2013	June 2013 Quarterly Report
21 August 2013	June 2013 Full Year Financial Report



## **Non-IFRS Measures**

The Company supplements its financial information reporting determined under International Financial Reporting Standards (IFRS) with certain non-IFRS financial measures, including cash operating costs. We believe that these measures provide additional meaningful information to assist management, investors and analysts in understanding the financial results and assessing our prospects for future performance.

**Cash operating costs** are calculated according to common mining industry practice using The Gold Institute (USA) Production Cost Standard (1999 revision).

# **Competent Persons Statement**

The information in this report that relates to Company-wide Exploration Results and Mineral Resources in Australia is based on information compiled by Mr. Phillip Uttley, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Phillip Uttley is a full-time employee of St Barbara Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr. Uttley consents to the inclusion in the statement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves in Australia is based on information compiled by Mr. John de Vries, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. de Vries is a full-time employee of St Barbara Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr. de Vries consents to the inclusion in the statement of the matters based on his information in the form and context in which it appears.



# **Corporate Directory**

#### St Barbara Limited

ABN 36 009 165 066

#### **Board of Directors**

Colin Wise	Non-Executive Chairman
Tim Lehany	Managing Director & CEO
Doug Bailey	Non-Executive Director
Betsy Donaghey	Non-Executive Director
Phil Lockyer	Non-Executive Director
Robert Rae	Non-Executive Director

#### **Executive Team**

Tim Lehany	Managing Director & CEO
Garth Campbell-Cowan	Chief Financial Officer
Alistair Croll	Chief Operating Officer
Ross Kennedy	EGM Corporate Services
Katie-Jeyn Romeyn	EGM Human Resources
Phil Uttley	EGM Discovery and Growth

#### **Registered Office**

Level 10, 432 St Kilda Road Melbourne Victoria 3004

Australia

Telephone	+61 3 8660 1900
Facsimile	+61 3 8660 1999
Email	melbourne@stbarbara.com.au
Website	www.stbarbara.com.au

	% of Holdings 1		
M&G Investment Management Ltd 2	19.1%		
Van Eck Associates Corporation	7.9%		
Franklin Resources Inc	6.0%		

- 1. % as notified by the substantial shareholders to 31 March 2013.
- 2. M&G Group's interest includes shares also disclosed by Vanguard Precious Metals & Mining Fund.

## **Shareholder Enquiries**

## **Computershare Limited**

**GPO Box 2975** 

Melbourne Victoria 3001

Australia

Telephone (within Australia)	1300 653 935
Telephone (international)	+61 3 9415 4356
Facsimile	+61 3 9473 2500

## **Investor Relations Contacts**

Ross Kennedy	+ 61	3	8660	1903
Rowan Cole	+ 61	3	8660	1914

Australian Securities Exchange (ASX) Listing code "SBM" American Depositary Receipts (ADR) – through The Bank of New York Mellon, www.adrbnymellon.com

Financial figures are in Australian dollars.

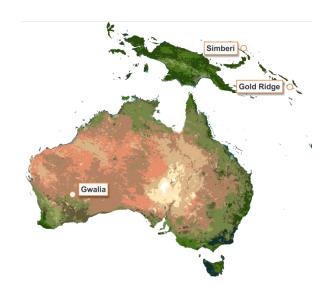
## **About St Barbara Limited**

St Barbara was established in 1969, and is one of Australia's larger and more profitable ASX listed gold producers, developers and explorers.

St Barbara has three operations, one in Australia and two in the South-West Pacific. St Barbara has an extensive, prospective exploration portfolio including significant potential to extend resources in and around existing mines.

Each of the Gwalia, Simberi and Gold Ridge mines has an expected mine life of at least 9 years<sup>[1]</sup>.

As at 30 June 2012, Mineral Resources contained 14.2 million ounces of gold including Ore Reserves containing 5.6 million ounces of gold <sup>[1]</sup>.



[1] As at 30 June 2012 for Australian assets and as at 31 December 2011 for Pacific assets.

Amounts shown exclude 2.4 Moz of contained gold in Mineral Resources and 0.1 Moz of contained gold in Ore Reserves at 30 June 2012 relating to the Southern Cross assets sold in April 2013.

For full details refer to the Ore Reserves and Mineral Resources Statements contained in the 2012 St Barbara Ltd Annual Report, and Allied Gold Mining plc Scheme Document dated 18 July 2012, both available at www.stbarbara.com.au.



Figure 1: Exploration at Leonora
Western Australia

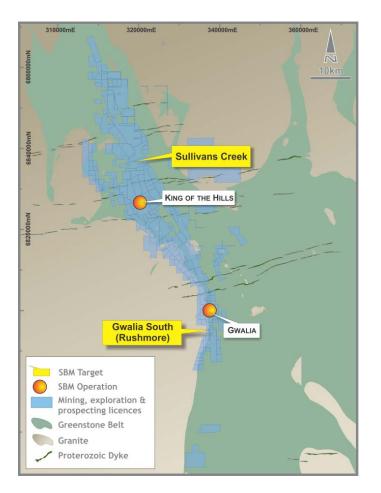


Figure 2: Exploration at Yilgarn Western Australia

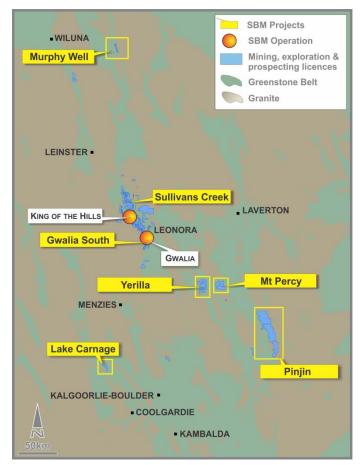




Figure 3: Exploration at Simberi, Tatau and Tabar Islands, Papua New Guinea

Simberi Patan SIMBERI Tatau Seraror Mt Siro Mt Tiro Coastal Swamp Limestone Coronus Limestone Big Tabar Alkali Basaltic Volcanics Monzodiorite Basalt Banesa SBM Operation SBM Projects Tenement- EL609 Tenement- ML136 5km

Figure 4: Exploration at Gold Ridge, Solomon Islands

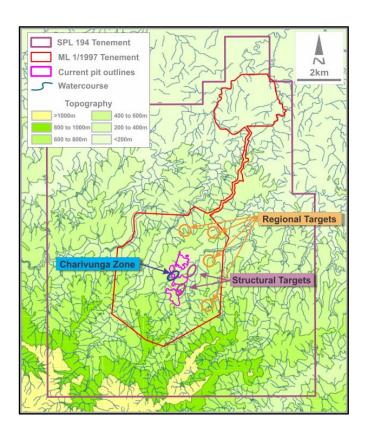


Table 1: Simberi, Tabar & Tatau Islands, PNG - Significant Intercepts

Hole No	North	East	Dip/	Vertical	Lode	Down-hole Mineralised Intersection		ection
			Azimuth	Depth mbs		From m	Length m	Gold grade g/t Au
Tatau Island, Mt Siro								
TT025	189300	35856	-60/178	0		0	24	1.1
TT026	189302	35854	-59/358	0		0	23	1.8

## NOTE:

Down hole intercepts are determined using a cut-off of 0.5 g/t Au with up to 2m of internal dilution. No high grade cut is applied. The reported intercepts are all down hole lengths.