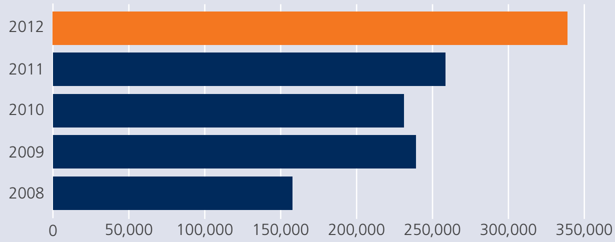
St Barbara
LIMITED

Annual Report 2012

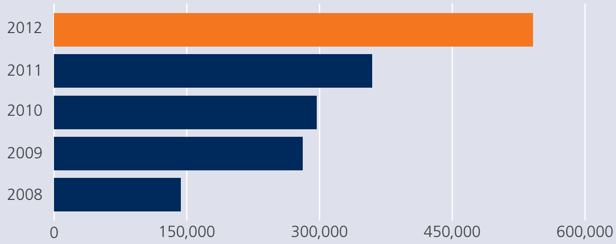
Contents

Highlights

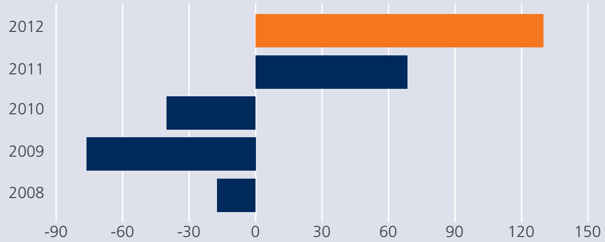
Gold Production
338,879 ounces – ↑ 31%



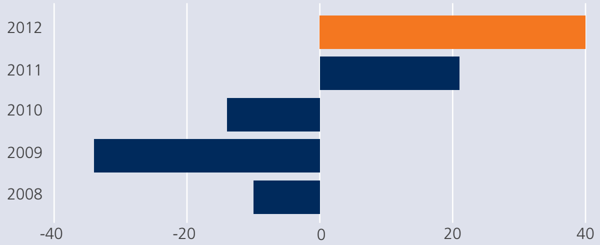
Revenue
$541 million – ↑ 50%



NPAT
$130 million – ↑ 90%



EPS
40 cents per share[(1)] – ↑ 90%



(1) Shares adjusted for 6:1 consolidation in November 2010

Introduction

2012 was an historic year for St Barbara. The Company delivered record production, profit and cash flow. On 7 September 2012, St Barbara acquired 100% of Allied Gold Mining Plc by way of a Scheme of Arrangement.

The acquisition adds the Simberi Operation and surrounding exploration areas in Papua New Guinea, and the Gold Ridge Operation, also with surrounding exploration areas, in the Solomon Islands to St Barbara's operating and exploration portfolio.

Combined Potential

St Barbara's acquisition of Allied Gold has created a leading ASX listed mid-tier gold company. The internationally diversified group operates three long life mines and three treatment plants located in Australia, Papua New Guinea and the Solomon Islands.

The operations have significant production growth potential and the new exploration areas in the South West Pacific add sizeable attractive targets to St Barbara's existing exploration suite.

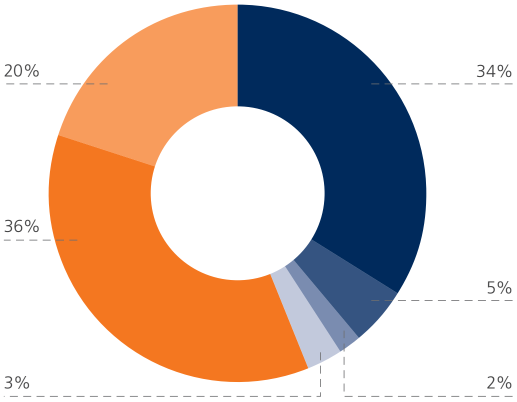
Diversification

St Barbara now has a diversified asset portfolio by location and mine type. No asset represents more than approximately 35% of the Ore Reserve base or contributes more than approximately 40% of pro-forma production for the 2013 financial year.

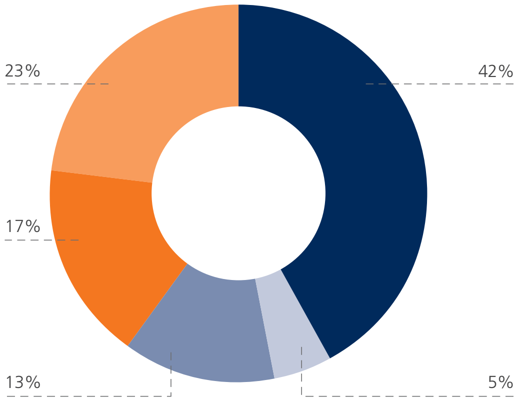
Growth

A number of immediate organic growth opportunities have been identified including increased gold production at Simberi and Gold Ridge, expansion of known ore bodies and exploration opportunities in proximity to current mining operations, as well as new greenfields prospects.

Combined Reserves(1) – 5.7 Moz



Combined FY13F Production(2) – Approx 435 koz



Gwalia | Tower Hill | King of the Hills | Southern Cross | Simberi | Gold Ridge

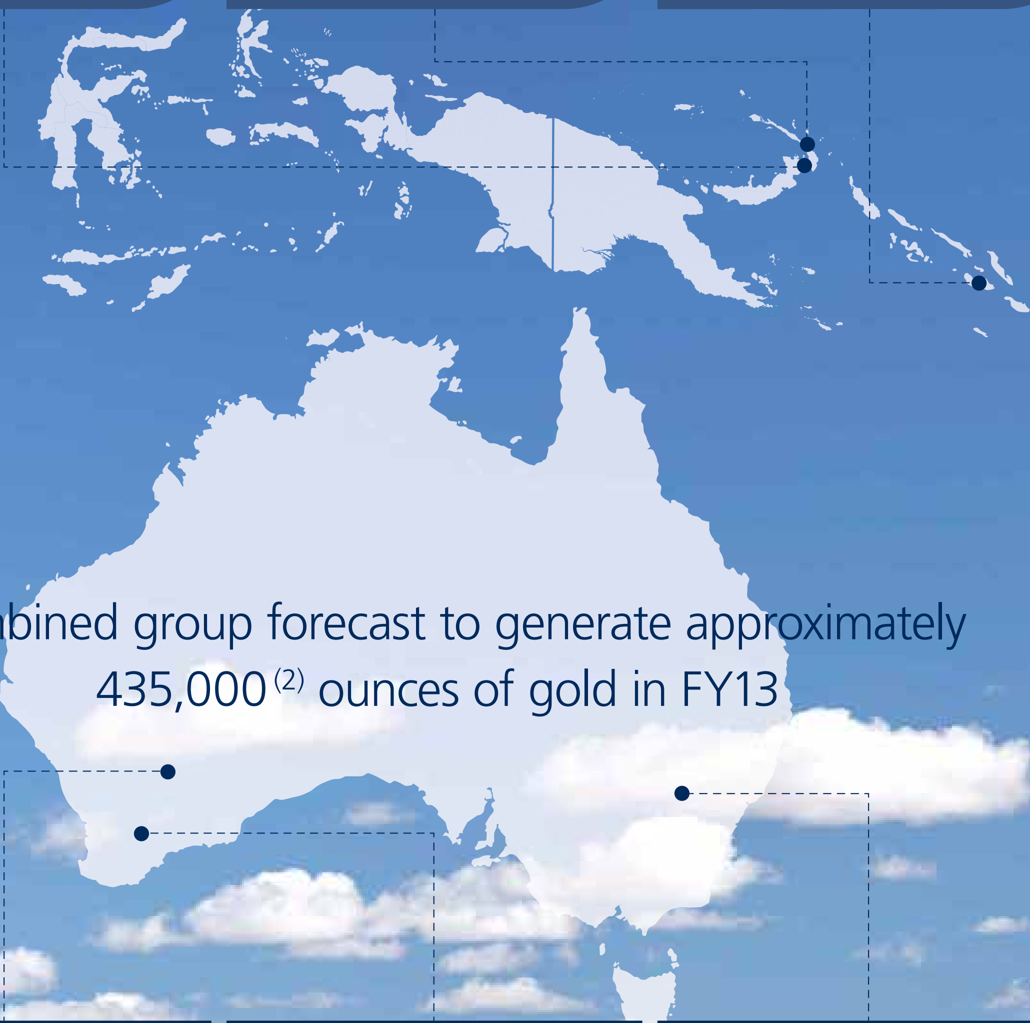
(1) As at 30 June 2012 for Australian assets and as at 31 December 2011 for South West Pacific assets.
(2) Based on internal life of mine plans assuming no change in production as a result of the acquisition, subject to risks set out in the corresponding ASX announcement dated 29 June 2012.

Introduction cont.

Tabar-Tatau
- Exploration potential
- Multiple drilling targets on both islands

Simberi
- Open pit mine and processing plant
- Plant expansion underway
- FY13F production: 70 – 80koz[2]
- 9+ year mine life
- Near mine targets for exploration
- Sulphide potential

Gold Ridge
- Open pit mine and processing plant
- Mine plan and plant being enhanced
- FY13F production: 95–105koz[2]
- 9+ year mine life
- Near mine targets for exploration



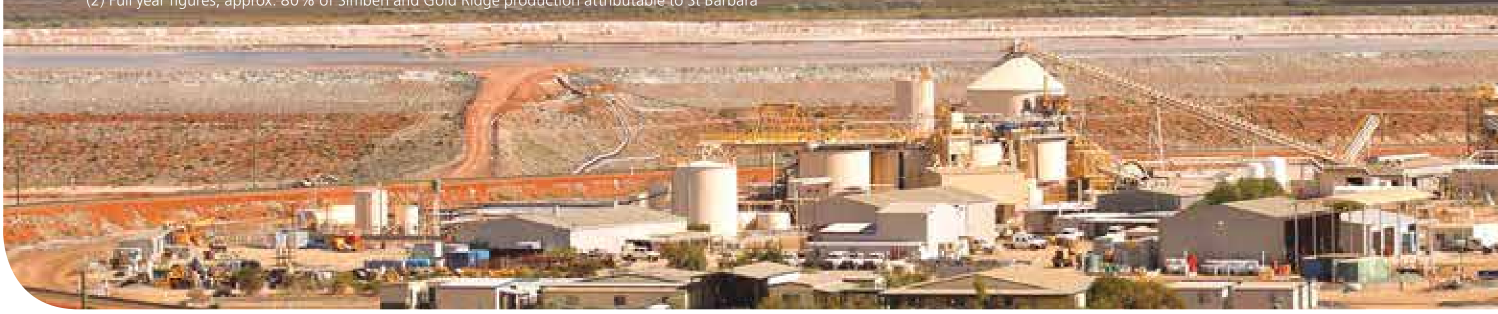
Combined group forecast to generate approximately 435,000[2] ounces of gold in FY13

Leonora
- Gwalia high grade underground mine
- 9+ year mine life
- King of the Hills underground mine
- Gwalia processing plant (1.2Mtpa)
- FY13F production: 230–250koz
- Regional exploration potential

Southern Cross
- Underground mine and processing plant
- FY13F production: 20–25koz[1]
- Exploration targets in area

East Lachlan
- Prospective exploration area
- Targeted for copper-gold porphyry mineralisation

(1) Reflecting anticipated cessation of mining activities in October 2012
(2) Full year figures, approx. 80% of Simberi and Gold Ridge production attributable to St Barbara



The Company has a strong pipeline of gold projects. These span from greenfields exploration, to the extension of existing ore reserves, to increasing gold production, to strong stable production. The Gwalia mine is expected to generate strong cash flows and assist funding the optimisation of Simberi and Gold Ridge, as well as exploration opportunities.

A focus on lifting operations capabilities and systems has translated into reliable and improving operating performance at St Barbara's Australian assets. Through the implementation of improved mine planning methodology, operating systems and cost management frameworks, the Company expects to achieve improved production reliability and unit cost reductions for Simberi and Gold Ridge.

Each of these assets has an expected mine life in excess of nine years, with significant potential for mine life extensions.

At the same time that operations at the Pacific assets are being improved, the dedicated Discovery and Growth team will be evaluating the greatly enlarged exploration portfolio to assess near mine opportunities, and targets on the highly prospective Pacific tenements.

The financial strength of the Australian operations has ensured that the new group has only moderate levels of debt, low gearing and significant upside exposure to the gold price. St Barbara has absorbed Allied Gold's gold loan, and established robust new debt facilities with quality international lenders. As a larger, diversified company, St Barbara should enjoy increased investor interest, a higher stock market profile and improved share market liquidity.

Central to successful operations in Papua New Guinea and the Solomon Islands is maintaining the relationship between each operation, and national and provincial governments and local communities. St Barbara will work hard to ensure there is effective stakeholder engagement at all levels.

Project Pipeline

Exploration	Scoping/Concept	Feasibility	Construction	Producing
Tabar – Tatau				
Simberi Near Mine				
Gold Ridge Near Mine				
Sullivan's Creek				Simberi Oxides
Yilgarn Targets				Gold Ridge
Gwalia Region				Southern Cross
Southern Cross				King of the Hills
East Lachlan	Tower Hill	Simberi Sulphides	Simberi Oxide Expansion (3.5Mt)	Gwalia

Western Australia   Papua New Guinea   Solomon Islands

Chairman and Managing Director & CEO's Joint Report

The Company's strong operating performance in the 2012 financial year represents the culmination of a long period of focus on building capability across all the operating and support functions of the Company.

The combination of the Company's strong operating performance and cash generation, coupled with the recently acquired Allied Gold Mining Plc (Allied Gold) long life gold projects and exciting development opportunities, provides an outstanding platform for long term growth as a leading mid tier ASX gold company.

Strategy to grow shareholder value

The Company's Western Australian operations at Leonora are profitable and generating strong cash flows. For the 2012 financial year, a return on shareholder funds of 26% was achieved. This has provided a solid foundation for the Company to execute its stated strategy of growth through the acquisition of value accretive, long life gold assets.

The acquisition of Allied Gold is the culmination of a thorough two year evaluation of gold assets in Australasia, South East Asia and the South Western Pacific Rim, with our management team rating Allied Gold as one of the best value targets, and located in a highly geologically attractive yet underexplored region. Following a thorough due diligence process, the Company determined that the acquisition of Allied Gold would be significantly value accretive for St Barbara shareholders. The Company's offer was announced on 29 June 2012, and the acquisition was completed on 7 September 2012.

We remain confident that the Allied Gold operations will significantly improve in performance and that these improvements will progressively be reflected in the Company's share price. Moreover, the extensive, yet under-explored land holdings along the highly prospective Pacific Rim, will be a key focus for exploration activities, with the objective of adding further significant value.

Strong operating capability

All three Western Australian gold operations performed at, or above expectations for the year, including King of the Hills in its first full year of operation.

Strong performance is expected from the Gwalia mine for the foreseeable future. The majority of ore mined is from the high grade South West Branch, which has a reserve grade estimated at 9.1 g/t Au. The mine is operating at its current design potential, with multiple working faces established and significant underground infrastructure.

At Southern Cross Operations, the Marvel Loch mine is nearing the end of its economic life after many years of continuous operation, including 7½ years under St Barbara control. Following a strong year of performance to guidance in the 2012 financial year, Southern Cross Operations is expected to go on to care and maintenance in the December 2012 quarter.

Translating production into profitability

Strong operating capabilities have been reflected in record gold production, net profit after tax, cash flow and earnings per share in the 2012 fiscal year.

Net cash flows from operations (before capital expenditure) increased by 115% to $222 million. Net cash flows from operations after funding capital expenditure was positive $122 million in the 2012 financial year.

During the year, cash on deposit increased by $106 million to $185 million as at 30 June 2012. Total interest bearing debt at balance date was less than $4 million.

Net profit after tax for the year of $130.2 million was 90% higher than the previous year profit of $68.6 million. Earnings per share increased from 21 cents per share to 40 cents per share.

Licence to operate

The Company's values and performance based culture is attracting high calibre employees to the Company. Remuneration strategies are designed to align employee performance and rewards with growing shareholder value through a combination of short term and long term incentives.

Company initiatives during the year received recognition, including a Federal Government Award for promoting opportunities for women in the workplace and a Western Australian Government "Waterwise Business Gold Award" for water conservation at Southern Cross Operations.

The Company has worked closely with Leonora aboriginal communities to facilitate improved trustee arrangements for royalty entitlements.

Extensive environmental monitoring takes place to minimise disturbance to areas surrounding mining operations. A number of legacy mine sites on the Company's tenements have been successfully rehabilitated.

A focus on safety leadership in the workplace, designed to identify and resolve risks before accidents occur, has helped underpin a significant improvement in safety performance. Southern Cross Operations in particular, achieved outstanding safety performance for the year with the Total Recordable Injury Frequency Rate for the Company reducing from 12.5 at the start of the year to 9.0 at the end of the year.

Careful attention to these important business foundations helps underpin effective relationships with the workforce, communities and government; all essential for long term profitable operations.

Significant opportunities to grow the business

The establishment of strong performing operations now enables management teams to focus on a number of business improvement opportunities. As noted in the opening pages of this Annual Report, a range of business improvement initiatives are planned for the Simberi and Gold Ridge Operations. There are also plans to improve truck haulage efficiencies and costs in the Gwalia mine using innovative truck haulage technology, improving stope cycle times and evaluating potential sources of further ore.

Significant shareholder value can be created through the discovery of new gold deposits. Prospective opportunities have already been identified in proximity to the Simberi and Gold Ridge gold mines. There are also significant targets on current land holdings elsewhere along the Pacific Rim, in the East Lachlan district of New South Wales and the Leonora region of Western Australia.

The strong cash flow from operations, in particular at Leonora, provides capacity for increased exploration activities and for follow up work should a discovery be made.

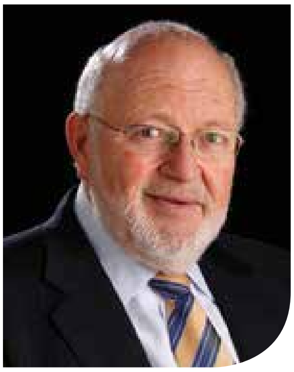
People are central to creating a successful company

We acknowledge the significant efforts of the executive team, employees, contractors and our fellow Directors throughout the year. These efforts are demonstrably translating into growing profitability, cash flow generation, significant returns on shareholder funds, creation of long term opportunities and development of a sustainable culture of excellence.

The year ahead

We will be applying established operating capabilities and systems to the new Simberi and Gold Ridge operations to lift production performance, lower operating costs and increase margins. We also look forward to drilling a number of targets on highly prospective, yet under-explored ground in nearby areas.

St Barbara is now not only one of Australia's most profitable ASX listed gold companies, but one of the largest gold producers in the region with a pipeline of development and exploration opportunities.



Colin Wise
Chairman

Tim Lehany
Managing Director & CEO

Operations Report

Continued improvement in operational performance and reliability at our three underground mines and two processing plants in Western Australia saw gold production increase by 31% for the year to 338,879 ounces.

Production Summary

		2012	2011
Production			
Leonora Operations			
Gwalia	oz	184,534	131,133
King of the Hills	oz	56,953	7,066
Southern Cross Operations			
Marvel Loch	oz	97,392	120,275
Consolidated	oz	338,879	258,474
Milled Grade			
Gwalia	g/t Au	8.3	6.3
King of the Hills	g/t Au	4.2	4.6
Marvel Loch	g/t Au	1.9	3.4
Total Cash Operating Costs			
Gwalia	$/oz	646	765
King of the Hills	$/oz	753	699
Southern Cross	$/oz	1,199	890

Production from the high grade Gwalia mine increased by 41% to 184,534 ounces of gold and the mine is expected to maintain gold production at 175,000 to 190,000 ounces in the 2013 financial year.

The King of the Hills satellite mining operation at Leonora produced 56,953 ounces of gold in its first full year of production.

Southern Cross Operations, with the majority of ore sourced from the Marvel Loch mine, achieved production of 97,392 ounces of gold.

Leonora Operations

The Leonora Operations comprise the Gwalia and King of the Hills underground mines, and a processing plant at Gwalia.

Gwalia

The Gwalia mine at Leonora is St Barbara's cornerstone asset. The Gwalia deposit has an Ore Reserve grade of 8.7 g/t Au, an expected mine life of at least nine years, and remains open at depth with some parallel lodes not yet fully drilled.

The mining method at Gwalia includes long hole stoping and cement paste back fill, trucking ore and waste to the surface. Geotechnical stress measurements are amongst the lowest recorded at corresponding depths in the surrounding Yilgarn district of Western Australia.

As at 30 June 2012, the mine was developed down to 1,420 metres below surface, with vertical advance rates expected of 60 to 80 metres per annum for the next three years.

During the current financial year ore will continue to be sourced principally from the high grade South West Branch lode.

Net of production depletion, Gwalia Ore Reserves reduced by 48,000 ounces of contained gold to 6.9 million tonnes at 8.7 g/t Au for 1.9 million ounces of contained gold as at 30 June 2012, and now extends to 1,800 metres below surface.

A haulage optimisation study was completed during the year, including consideration of a hoisting shaft. Optimising truck haulage has been identified as the most efficient and cost effective outcome.

A new mining contract was awarded at the Gwalia mine to Byrnecut Mining Pty Ltd, commencing 1 September 2012, which will introduce innovative new trucking technology to the operation that offers significant efficiency improvements over the current haulage trucks.

King of the Hills

The King of the Hills underground mine is located at the site of the historical Tarmoola open pit. Gold production commenced in May 2011. The mine is expected to produce at the rate of 55,000 to 60,000 ounces of gold per annum for at least another two and a half years.

Ore mined is trucked 42 kilometres to the Gwalia processing plant for treatment to utilise the available processing capacity.

Revenue from King of the Hills is protected by put and call options providing a price collar of between A$1,425 and A$1,615 per ounce.

Gwalia Processing Plant

The processing plant performed consistently achieving an average recovery rate of 97% for the year for Gwalia ore.

Southern Cross Operations

At Southern Cross Operations, ore was principally sourced from the Marvel Loch underground mine supplemented by low grade ore from stockpiles at former satellite deposits.

In the 2011 financial year, deep drilling of the Marvel Loch ore body identified thick, non-gold bearing pegmatite intrusions that cut the base lodes of the mine, and diminishing grades at depth in the northern lodes of the mine. As a consequence, underground mining operations at Marvel Loch are expected to cease in October 2012. The 2.2 million tonne per annum plant will then be placed in care and maintenance.

Outlook for Continuing Australian Operations

Forward Guidance FY13		Gwalia	King of the Hills	Total Leonora
Gold production	koz	175–190	55–60	230–250
Cash operating cost	$/oz	670–700	840–870	710–745
Capital expenditure	$M	45–50	20–25	65–75

Discovery and Growth

During the 2012 financial year, exploration focussed on drilling along the Gwalia Mine trend, extending the Gwalia Deeps ore body at Leonora, and drill testing near-mine targets in both Leonora and Southern Cross provinces as potential sources of material for the Gwalia and Marvel Loch plants.

Elsewhere, new prospective areas were identified using advanced geophysical techniques and three dimensional geological modelling in the Yilgarn province, Western Australia, and in the East Lachlan province, New South Wales. Systematic economic review, ranking, drilling and turning over of prospects continued throughout the year across the Company's 5,000 km² portfolio of tenements.

Discovery & Growth expenditure for the year was over $20 million. Almost half the expenditure was spent on drilling and just over a third of this was spent on Gwalia Deeps drilling. A total of 40,350 metres of drilling was completed during the year.

Leonora

Gwalia Deeps

A third phase of deep drilling successfully extended Gwalia Mine lodes along the northern and southern margins at depth within the current mine interval, utilising directional drilling from previous drill holes. This drill program has successfully increased the Mineral Resources and converted a substantial proportion of existing Inferred Resources to Indicated Resources and to Ore Reserves. The updated Gwalia Deeps resource estimate is shown in Table 1 on page 15. The Gwalia deposit remains open at depth.

Gwalia Mine trend

Detailed geological studies and three dimensional modelling along the Gwalia mine trend generated a series of targets previously untested for Gwalia-style mineralisation. Following resolution of land access issues, a first phase program of 12 deep holes has been completed north and south of Gwalia mine. These drill holes have not intersected significant mineralisation and results are being compiled as the basis for an improved target model and second phase drill

Chief Financial Officer's Review

Financial highlights

	30 June 2012 $'000	30 June 2011 $'000
Sales revenue	541,189	359,575
EBITDA (including significant items)	204,034	125,538
EBIT (including significant items)	106,811	67,058
Statutory Profit(1) after tax for the year	**130,230**	**68,629**
Total net significant items	(552)	14,198
EBITDA (excluding significant items)	218,963	111,340
EBIT (excluding significant items)	128,094	52,860
Underlying net profit after tax(2) for the year	**130,782**	**54,431**

(1) Statutory Profit is net profit after tax attributable to owners of the parent.
(2) Underlying net profit is net profit after income tax ("Statutory Profit") excluding significant items.

St Barbara reported a strong performance with net profit after tax for the year ended 30 June 2012 increasing by 90% to $130.2 million. Increased gold production, rigorous cost management and higher gold prices drove underlying net profit after tax up by 140% to $130.8 million. Earnings per share increased from $0.21 to $0.40 in financial year 2012.

Cash flow from operations more than doubled compared to the previous year to $221.8 million. Capital expenditure was lower than the previous year at $100.2 million, as major projects such as the development of King of the Hills were completed. Capital expenditure for the Australian operations will fall further in the 2013 financial year.

For the 2012 financial year a return on shareholder funds of 26% was achieved. The company is in a strong financial position with cash at balance date of $185.2 million and total interest bearing debt of only $4.3 million. This strong financial position has enabled the Company to fund the cash component of the consideration for Allied Gold from cash reserves and a four year term loan from NAB and Barclays.

The introduction of the Carbon Tax is anticipated to contribute to an increase in cash operating costs for Australian operations of approximately $11 per ounce of production. Substantial focus remains on business improvement initiatives and cost efficiencies and this will be extended to Simberi and Gold Ridge in the coming year. Achieving reliable production and substantially lower operating costs at Simberi and Gold Ridge will deliver significant shareholder value in the medium term.

Garth Campbell-Cowan
Chief Financial Officer

testing. Geochemical drilling was completed on another four areas in the Leonora province to generate targets for drill testing in the current year.

Southern Cross

Drilling programs were completed on the Copperhead, Corinthia, Cornishman, Nevoria and Frasers projects along trend from the Marvel Loch mine. At Frasers, drilling extended a series of lodes plunging south of the previous open pit mine, and successfully delineated an Inferred Mineral Resource Estimate of 2.1 Mt @ 5.2 g/t Au containing 355,000 ounces gold (based on a 2.5 g/t Au cut-off grade).

However, insufficient mineral resources with potential to be converted into ore reserves have been identified, to provide the quantum of ore required to sustain continuing production at Southern Cross Operations.

Further studies are being completed on Copperhead and Frasers to determine if additional drilling is justified.

East Lachlan, New South Wales

Following an initial drill program in the 2011 financial year targeting intrusive-related porphyry copper-gold mineralisation within a large volcanic complex, situated under younger cover rocks on the edge of the Great Artesian Basin, detailed geophysical gravity surveys and a helicopter-borne electromagnetic (EM) survey were completed to assist delineation of new drill targets. A second drilling program was largely completed, which intersected the targeted intrusions under cover. Although not all assay results have been received, no significant zone of mineralisation appears to have been intersected at this time.

Gawler, SA

Work on Exploration Licence EL4420 is still suspended due to the Federal Government moratorium placed on accessing the Woomera Protected Area, and it is unlikely to be lifted until at least the end of calendar year 2012. Targeting activities in other parts of the Gawler Block continued.

Simberi Island, PNG and Gold Ridge, Solomon Islands

The successful acquisition of Allied Gold will be followed up in FY 2013 with extensional drilling of the known ore bodies at Simberi and Gold Ridge and evaluating the exploration potential of near-mine targets at each site.

Growth

The Discovery and Growth team continue to actively review and monitor other gold discoveries and projects in Australia and South East Asia. Evaluation of a number of potentially interesting projects was completed during the year, located both in Australia and offshore. In Australia, additional areas have been acquired in the Yilgarn province, WA and are likely to be a focus of continuing work in the 2013 financial year.

Completing detailed due diligence on the mineral resources and operating assets of Allied Gold located on Simberi Island, PNG and Guadalcanal, Solomon Islands was also a key focus during the year.

People, Environment, Safety & Social Responsibility

People

The Company's workforce as at 30 June 2012 comprised 275 employees and 644 contractors, predominately based in Western Australia. St Barbara continues to build a reputation for being a values based, people focused business, with strong accountabilities for performance.

The five strategic priorities are to:

- ensure the Company has the appropriate talent to reliably deliver its business strategy;
- ensure the Company maintains productive and direct relations with our people;
- build capable leadership at all levels in the Company;
- continue to develop integrated human resource systems; and
- support the right work being done well at every level of the organisation.

Supporting these strategic priorities has required continuing development of our people systems.

A comprehensive Talent Management Framework has been implemented that strengthens our capacity to attract, motivate and retain capable people.

Close attention is paid to employment conditions such as competitive remuneration, quality village accommodation and industry benchmarked work rosters to assist in attracting and retaining a high performing workforce. Remuneration strategies are carefully designed to align employee performance with growing shareholder value.

Considerable effort is being put into gender diversity to promote the advancement of women in the workplace and make the Company an employer of choice for women. Board endorsed diversity objectives are published in the Corporate Governance Statement. In November 2011 these efforts were recognised with St Barbara being awarded the Directors Award for an Organisation in the Federal Government's Equal Opportunity for Women in the Workplace Agency (EOWA) Business Achievement Awards.

Safety

St Barbara requires everyone to "start safe, stay safe" as part of its strong commitment to safety. We strive for constant awareness and continual safety improvements through numerous initiatives, including the daily application of the Positive Attitude Safety System (PASS™), Visual Leadership by managers and safety "Rules to Live By". These programs require everyone to proactively identify potential hazards and reduce risk taking behaviour.

During the year, the Company released a revised set of Health, Safety and Environment standards as part of its vision which includes a desire for safe production and environmental sustainability.

Safety performance at St Barbara improved during the 2012 financial year. The Company measures safety performance using a rolling 12-month average of the Total Recordable Injury Frequency Rate (TRIFR). The 12 month rolling average of the TRIFR was 9.0 at the end of June 2012, down from 12.5 at the start of the financial year.

Whilst this improvement in safety performance is most gratifying, we will not rest in our efforts to eliminate work place injuries. This intent is given effect in the workplace by the ongoing reinforcement of existing programs and the implementation of new initiatives that support further injury reduction targets in the current year.

Environment & Sustainability

Minimising the Company's environmental impacts and maximising efficiencies in water and energy use remain a continuing Company focus. These efforts were rewarded during the reporting year, when the Company achieved a Gold Award for Water Efficiency at our Southern Cross Operations.

Further improvement in the Company's performance will be assisted by the implementation of an Environmental Management System by the end of the year.

During the reporting period, the Clean Energy Regulator routinely audited St Barbara's National Greenhouse and Energy Reports and confirmed the Company's compliance. St Barbara is liable for payment of the carbon tax as a result of its power generation at Gwalia.

Rehabilitation

At Leonora Operations, rehabilitation of waste dumps at Tarmoola continued with a total of 95 hectares completed during the financial year. Capping of the southern cell of the old Tarmoola Tailings Storage Facility 4 was also commenced with approximately 85% completed by the end of June. Rehabilitation activities at Southern Cross Operations included 76 hectares being completed at GVG, Bronco and Treasury. Rehabilitation expenditure for the 2012 financial year totalled $3.7 million.

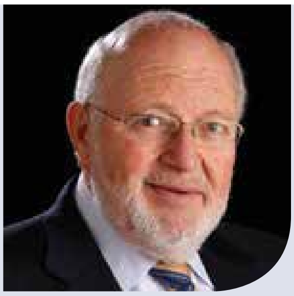
Rehabilitation priorities during the 2013 financial year for Southern Cross Operations will include continuing work on open pit legacy sites. Continuing work on waste dumps and the tailings dam at the Tarmoola mine site and the waste dumps at Kailis are the priorities for Leonora Operations.

Unconditional Environmental Performance Bonds of $18 million had been lodged with the Western Australian government as at 30 June 2012. The Western Australian government has passed legislation whereby, with effect from 1 July 2013, the requirement for rehabilitation bonds will be replaced with a rehabilitation contribution scheme, whereby contributions are made to a government fund.

Community & Social Responsibility

St Barbara continues to support the local communities where we operate. Community briefings are held from time to time as well as regular meetings with Local Government representatives to keep local communities informed of St Barbara's activities and plans. The Company continues to recognise the traditional ownership of the lands on which we operate, and regularly meets with Aboriginal Groups associated with our areas of operation. Aboriginal heritage protection surveys were undertaken during the year with representatives of local Aboriginal groups at nine proposed exploration areas around Leonora.
St Barbara was a Gold Sponsor for the annual Leonora Community "Golden Gift" weekend as well as providing in-kind support. The Company supported the Leonora District High School and Kalgoorlie South Primary School with sponsorships of the "You Can Do It" program and also sponsored the "Step Up" program event in Kalgoorlie involving students from regional high schools.

Board of Directors



S J Colin Wise

LL.B, FAICD, FAusIMM

Chairman – Non Executive
Appointed July 2004

Mr Wise is an experienced corporate lawyer, consultant and company director with significant expertise in the mining and exploration industry and resources, energy and corporate sectors. He spent 24 years with WMC Limited, 10 of which as General Counsel and subsequently, 4 years as Counsel to a New York law firm. He has extensive practical experience in Australia and internationally with a wide range of corporate, operational and legal matters.

He has been Chairman of St Barbara since mid 2004, and is a Fellow of both the Australian Institute of Company Directors and the Australasian Institute of Mining and Metallurgy.

Timothy J Lehany

B.E., MBA, MAusIMM

Managing Director and
Chief Executive Officer
Appointed March 2009

Mr Lehany is a Mining Executive with extensive operating experience over the past 24 years in Australia and South East Asia with a number of mining companies, including Newcrest Mining Limited and WMC Ltd. He is a mining engineer, having held operating, and executive roles in gold, base metal and nickel mining. Tim held the position of Executive General Manager Operations with Newcrest Mining Limited prior to joining St Barbara.

Douglas W Bailey

B.Bus (Acc), CPA, ACIS

Non Executive Director
Appointed January 2006

Mr Bailey was the Chief Financial Officer of Woodside Petroleum Ltd between 2002 and 2004 and previously, was an Executive Director of Ashton Mining Limited from 1990 to 2000, including the last 3 years as Chief Executive Officer. He was also a Non Executive Director of Aurora Gold Ltd for the period 1993-2000.

Elizabeth A (Betsy) Donaghey

B.Sc (Eng) M.S

Non Executive Director
Appointed April 2011

Ms Donaghey is a civil engineer with extensive oil & gas industry and corporate experience. This included roles with BHP Billiton for 19 years in gas marketing, reservoir engineering and business planning and analysis.

More recently, Ms Donaghey spent 9 years with Woodside Energy in various senior gas business and strategic planning roles, culminating in Ms Donaghey's executive leadership of Woodside Energy's Australian business unit and subsequently the Browse business unit.

Phillip C Lockyer

M.Sc, AWASM, DipMETALL

Non Executive Director
Appointed December 2006

Mr Lockyer is an experienced mining engineer and metallurgist with over 40 years experience in the mineral industry with an emphasis on gold and nickel, in both underground and open pit operations. Mr Lockyer was employed by WMC Resources for 20 years, and as General Manager for WA was responsible for that Company's nickel division and gold operations. Mr Lockyer also held the position of Director Operations for Dominion Mining Limited and Resolute Limited.

Robert K Rae

B.Com (Hons), FAICD

Non Executive Director
Appointed April 2008

Mr Rae is a Director and Partner of McClintock Associates, a private investment bank and advisory firm and has extensive industry and corporate experience. Mr Rae has held previous directorships within the mining industry, including Plutonic Resources Limited, Ashton Mining Limited, WA Diamond Trust and Centralian Minerals Limited. Mr Rae is also a member of the Salvation Army Advisory Board.

Executives

Timothy J Lehany

B.E., MBA, MAusIMM

Managing Director and Chief Executive Officer

Tim was appointed in March 2009. He is a Mining Executive with extensive operating experience over the past 24 years in Australia and South East Asia with a number of mining companies, including Newcrest Mining Limited and WMC Ltd. He is a mining engineer, having held operating, and executive roles in gold, base metal and nickel mining. Tim held the position of Executive General Manager Operations with Newcrest Mining Limited prior to joining St Barbara.

Garth Campbell-Cowan

B.Com, Dip-Applied Finance & Investments, FCA

Chief Financial Officer

Garth is a Chartered Accountant with over 25 years of experience in finance and management positions across a number of different industries. He was appointed to the position of Chief Financial Officer in September 2006 and is responsible for the Company's Finance function, covering financial reporting and accounting, treasury, taxation, business analysis, capital management, procurement and information technology. Garth also co-ordinates St Barbara's strategy and planning activities. Prior to joining St Barbara, he was Director of Corporate Accounting at Telstra and has held senior finance leadership roles with WMC, Newcrest Mining and ANZ.

Alistair Croll

B.Sc Mining Engineering, GDE Mineral Economics

Chief Operating Officer

Alistair joined St Barbara as COO in 2012, and has extensive experience in all aspects of mining operations, including technical, project and general management roles up to Managing Director. Alistair is equally comfortable in open pit and underground operations, with experience in gold, platinum, diamond, manganese, chrome and nickel.

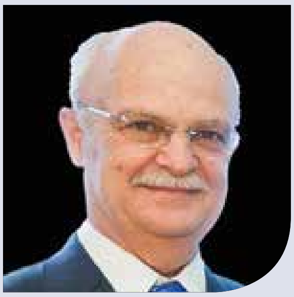
Alistair has held senior roles with Kimberley Diamond Company, Blina Minerals and Consolidated Minerals in Australia, and in South Africa with Anglo Platinum and 17 years with the De Beers Group.

Ross Kennedy

B.Com, Grad. Dip-Company Secretarial Practice, ACA, FTIA, FAICD, MAusIMM, ACIS

Executive General Manager Corporate Services and Company Secretary

Ross is a Chartered Secretary and has been with St Barbara since 2004. He has 25 years of experience in corporate administration, including 12 years in the minerals and resources sector, and 10 years of experience as a management consultant. Ross leads the Corporate Services team. Key responsibilities include designing and executing plans for investor relations, legal and compliance, risk management and ensuring that Company Secretariat functions continue to develop to support the Company's growth.



Phil Uttley

B.Sc. Hons. (Geol. & Mineral.), FAusIMM

Executive General Manager Discovery and Growth

Phil is an experienced exploration executive with over 35 years of industry experience having held senior positions in Sino Gold, SRK Consulting and Renison Goldfields Consolidated (formerly Gold Fields). He has a B.Sc Hons. (Geol. & Mineral) from University of Queensland and is an experienced exploration geologist, with a demonstrated track record in gold discoveries and establishment of resources for gold production. Phil commenced with St Barbara in September 2009.

Ore Reserves and Mineral Resources Statements

30 June 2012

Overview as at 30 June 2012:

- Gwalia Ore Reserves are estimated at 6.9 million tonnes (Mt) @ 8.7 grams per tonne of gold (g/t Au) for 1.93 million ounces (Moz) of contained gold (previously 1.97 Moz); representing an indicative mine life of 9 or more years.
- Gwalia Deeps Mineral Resources as at 30 June 2012 remained essentially unchanged at 15.3 Mt @ 8.0 g/t Au for 3.9 Moz of contained gold, and Indicated Resources increased from 2.3 Moz to 2.7 Moz. Surface drilling added approximately 240,000 oz to Mineral Resources.
- The Gwalia ore body remains open at depth, particularly South West Branch lode, with potential within the planned mining interval to add to Mineral Resources and Ore Reserves in both the South Gwalia Series and Main Lodes.
- Ore Reserves at King of the Hills and Marvel Loch have fallen in line with mining depletion and new mine plans. Mineral Resources have been added at Frasers project at Southern Cross.

COMPANY SUMMARY

- Total Ore Reserves at 30 June 2012 are estimated at 12.0 million tonnes @ 6.6 g/t Au for 2.5 Moz of contained gold.
- Total Mineral Resources at 30 June 2012 are estimated at 47.3 million tonnes @ 5.0 g/t Au for 7.6 Moz of contained gold.

Details of Ore Reserves and Mineral Resources as at 30 June 2012 follow.

Mineral Resources Statement as at 30 June 2012

The Company's total Measured, Indicated and Inferred Mineral Resources as at 30 June 2012 are **47.31 million tonnes @ 5.0 grams per tonne of gold (g/t Au) containing 7.61 million ounces (Moz) of gold** (Table 1). The previous publicly reported Mineral Resources estimate at 30 June 2011 totalled 46.85 million tonnes @ 5.1 g/t Au containing 7.64 Moz of gold. This represents a small decrease in the total Mineral Resource Inventory of 24,000 oz (<1%).

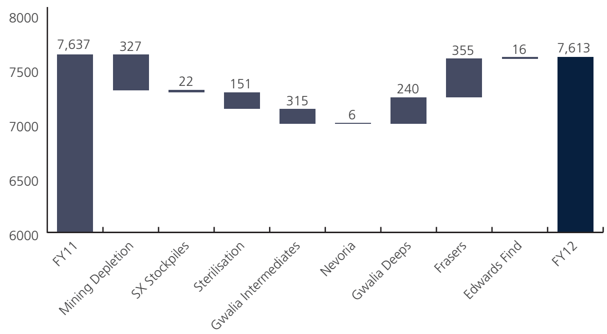
Compilation of the 2012 Mineral Resource Report is complete with work having been performed on the following projects during the 2012 financial year (FY12):

- Gwalia Deeps;
- Gwalia Intermediates;
- King of the Hills;
- Marvel Loch;
- Frasers;
- Nevoria;
- Edwards Find.

Each of the projects that has a revised or new estimate of Mineral Resources has been compiled in accordance with St Barbara's Mineral Resource Estimation System. This system provides a framework for the timely and reliable estimation and reporting of St Barbara's Mineral Resources in accordance with the JORC Code. St Barbara's Mineral Resources are inclusive of Ore Reserves.

Mineral Resource Estimate revisions have been completed for Gwalia Deeps, Gwalia Intermediates, King of The Hills, Marvel Loch, Nevoria, Frasers and Edwards Find over the year, and have resulted in additions to Mineral Resources for Gwalia Deeps, Frasers and Edwards Find that have effectively balanced out Mineral Resource reductions due primarily to mining and non-recoverable Mineral Resource depletion (Figure 1). The Frasers Mineral Resource update is a new resource since FY11 following the completion of a three-phase diamond drill program.

Figure 1: Major variances to Mineral Resource Inventory between FY11 and FY12



LEONORA

- **Gwalia Mineral Resources**
  The following drill programs were completed over the year:
  - Surface drilling of the Gwalia Lode system, targeting extensions to South West Branch (SWB) and South Gwalia Series (SGS) between approximately 1600 and 1800 vertical metres below surface (mbs); and
  - Grade control drilling targeting SWB and SGS between approximately 1260mbs and 1420mbs, and Main Lode (ML) between 1160mbs and 1300mbs.

  This drilling resulted in a number of key changes to the Gwalia geological model:

  1. Gwalia Deeps

  Surface drilling of the Gwalia Lode system, targeting extensions to South West Branch (SWB) and South Gwalia Series (SGS) between approximately 1600 and 1800mbs, and grade control drilling targeting SWB and SGS between approximately 1260mbs and 1420mbs and ML between 1160mbs and 1300mbs was completed over the year. This drilling resulted in a number of key changes to the Gwalia geological model, which are summarised below. The surface drilling is estimated to have added approximately 240,000 oz to the Mineral Resource inventory and upgraded approximately 390,000 oz from Inferred to Indicated Resource, resulting in a total Mineral Resource estimate of 15.25 Mt @ 8.0 g/t Au containing 3.93 Moz Au (refer to Table 1).

  2. SWB Hanging-wall position (South)

  As a result of Grade Control (GC) drilling, the hanging-wall position of the southern portion of SWB was revised to be further west than previously modelled and resulted in a reduction of the Mineral Resource in this area of 94,000 oz. The initial estimate was based on widely spaced (>100m) drilling on the southern margins of the lode and highlights the importance of infill resource definition drilling well ahead of grade control drilling.

  3. Revision of SWB and SGS Model below 1600mbs

  The previous Mineral Resource update completed for FY11 resulted in modelling of an additional South Gwalia Series lode (SG3). The further surface drilling completed this year has shown that this lode is actually part of SWB rather than an additional SGS lode. The geological model has been revised accordingly and has resulted in a reduction to the Inferred SGS Mineral Resource, but an overall increase in the SWB Indicated Resource. The surface drilling also identified some small Mineral Resource extensions at the southern margins of SGS, which remain open and will need to be closed out by underground drilling.

  4. Main Lode Mineral Resource extensions

  Surface and GC drilling have contributed to a revised interpretation of ML, extending this lode further south than previously modelled, and an increase in this Mineral Resource.

  5. Gwalia Intermediates

  The locations of remnant pillars that form the basis for reporting of the Gwalia Intermediates Mineral Resource were reviewed. A number of remnant pillars particularly toward the base of old workings were identified as being covered by the Gwalia Deeps model, or to have been tested with grade control drilling. These have been removed from the mineral inventory and have resulted in a reduction of this Mineral Resource of 135,000 oz.

Depletion due to mining further reduced the Gwalia Mineral Resource by 184,000 oz.

As a result of the geological model changes, Mineral Resource extensions and mining depletion the Gwalia Mineral Resource Inventory has been reduced by 9,000 oz (-0.3%).

SOUTHERN CROSS

- **Marvel Loch Underground**
  The Marvel Loch Mineral Resource was updated during the year following the completion of fifty five grade control and resource definition holes. Small down dip Mineral Resource extensions were identified for the Firelight, Exhibition and Main Lode Mineral Resources, contributing approximately 52,000 oz. Overall, however the Mineral Resource has been reduced by 173,000 oz primarily due to mining or non-recoverable depletion.
- **Nevoria**
  The Mineral Resource for the Nevoria Project was updated in February following the completion of eleven holes aimed at improving confidence in the Mineral Resource below the Silver and Nevoria East open pits. This model was subsequently optimised and a two stage pit design completed. The 2012 Mineral Resource consists of an open pit Mineral Resource constrained by the design pit at a 0.6 g/t Au cut-off and an underground resource at a 2.0 g/t Au cut-off below the design pit allowing for a 20 metre sill pillar at the base of the design pit.

  The drilling resulted in an upgrade in Mineral Resource classification from Inferred to Indicated for a portion of the Nevoria Deposit and overall the total Mineral Resource has increased by 6,000 oz primarily due to the lower cut-off used in reporting the open pit portion of the resource.
- **Frasers**
  The Frasers Mineral Resource estimate was compiled in May 2012 following the completion of three phases of diamond drilling testing the down-plunge and southern strike extensions to the mineralisation. This is the first Mineral Resource estimate for Frasers since mining was suspended in 1997, and added a total of 355,000 ounces to the Company's Mineral Resources. The Frasers Mineral Resource is open down plunge and at depth and is awaiting a review of mining options.
- **Edwards Find**
  The previous Edwards Find Mineral Resource was estimated in 2008. The model was updated in March 2012 inclusive of drilling completed subsequent to the previous estimate. This has resulted in a small increase in the total Mineral Resource of 16,000 oz.

DEPLETION

- **Mining Depletion**
  A total of 327,000 oz of gold have been depleted from the Company's Operations – 184,000 oz from Gwalia, 60,000 oz from King of the Hills and 83,000 oz from Marvel Loch.
- **Non-Recoverable Depletion**
  Non-recoverable Mineral Resource depletion has accounted for a reduction of 151,000 oz of gold, primarily from the Marvel Loch Mine (142,000 oz). The depletion has been defined collaboratively by the Marvel Loch Geology and Technical Services Teams and is due largely to greater sterilisation applied around East Lode & Mazza Lode in the southern portion of the mine.
- **Southern Cross Stockpiles**
  A total of 22,000 oz of gold have been depleted from a number of stockpiles in and around the Marvel Loch Mine following the cessation of mining activities.

Table 1: Mineral Resource Summary June 2012

Category		Measured			Indicated			Inferred			Total		
Region	Project	Tonnes (k)	Au g/t	koz	Tonnes (k)	Au g/t	koz	Tonnes (k)	Au g/t	koz	Tonnes (k)	Au g/t	koz
Leonora	Gwalia Deeps	4,684	5.6	842	8,965	9.5	2,727	1,601	7.0	360	15,250	8.0	3,930
	Gwalia Intermediates & West Lode	0	0.0	0	14	4.4	2	557	6.4	114	571	6.3	116
	King of The Hills	0	0.0	0	1,530	5.5	273	480	4.8	74	2,010	5.4	347
	Tower Hill	0	0.0	0	2,779	4.6	411	207	3.9	26	2,986	4.6	437
	Harbour Lights	0	0.0	0	0	0.0	0	2,580	3.3	274	2,580	3.3	274
	Other (4)	991	1.0	33	2,277	1.0	70	49	0.6	1	3,317	1.0	104
Total Leonora		5,675	4.8	875	15,565	7.0	3,483	5,474	4.8	849	26,714	6.1	5,208
Southern Cross	Marvel Loch	287	3.1	29	2,929	3.2	299	1,400	2.5	112	4,616	3.0	440
	Nevoria	0	0.0	0	3,732	3.4	407	328	4.0	42	4,060	3.4	449
	Transvaal	0	0.0	0	1,634	4.7	249	1,802	4.9	286	3,436	4.8	535
	Jaccoletti	0	0.0	0	0.0	4.6	0.0	715	5.5	126	715	5.5	126
	Axehandle	0	0.0	0	0	0.0	0	2,082	2.0	131	2,082	2.0	131
	Cornishman	0	0.0	0	119	4.4	17	0	0.0	0	119	4.4	17
	Edwards Find, EFN & Tamarin	0	0.0	0	381	3.1	38	363	2.6	30	744	2.8	68
	Frasers	0	0.0	0	336	5.5	59	1,786	5.2	296	2,122	5.2	355
	Yilgarn Star	0	0.0	0	385	6.6	82	0	0.0	0	385	6.6	82
	Other (8)	367	1.0	12	1,605	2.7	140	345	4.5	50	2,317	2.7	202
Total Southern Cross		654	1.9	41	11,121	3.6	1,291	8,821	3.8	1,073	20,596	3.6	2,405
Total All Regions		**6,329**	**4.5**	**916**	**26,686**	**5.6**	**4,774**	**14,295**	**4.2**	**1,922**	**47,310**	**5.0**	**7,613**

(1) Mineral Resources are reported inclusive of Ore Reserves.
(2) Cut-off Grades Leonora: Gwalia Deeps (2.5 g/t Au), King of The Hills (3.0 g/t Au), Tower Hill (3.2 g/t Au), Harbour Lights (2.0 g/t Au).
(3) Gwalia Intermediates & West Lode: For this combined Mineral Resource the Gwalia Intermediates Mineral Resource is constrained to remnant pillars and accounts for 93% of Mineral Resource ounces. West Lode cut-off = 1.0 g/t Au.
(4) Leonora Other is comprised of McGraths (23%), Rainbow (36%), Royal Arthur Bore (12%), Tarmoola Low Grade Stockpile (28%), Tower Hill Low Grade Stockpile (1%) by Mineral Resource ounces.
(5) Cut-off Grades Southern Cross: Marvel Loch (2.1 g/t Au), Jaccoletti (2.6 g/t Au), Axehandle (0.7 g/t Au), Cornishman (0.8 g/t Au), Edwards Find Group (0.7 g/t Au & 0.8 g/t Au), Frasers (2.5 g/t Au), Yilgarn Star (4.0 g/t Au).
(6) Southern Cross (Nevoria): Cut-off Grade for open pit and underground Mineral Resources are 0.6 g/t and 2.0 g/t respectively. 58% of Nevoria Mineral Resource ounces are open pit and 42% are underground.
(7) Southern Cross (Transvaal): Cut-off grades for open pit Mineral Resources are variable (1.0 g/t Au to 1.7 g/t Au) dependent on lode and material type. Underground Mineral Resources are reported at a 2.6 g/t Au cut-off and account for 98% of the Transvaal Mineral Resource ounces.
(8) Southern Cross Other is comprised of GVG Sulphide (49%), GVG Open Pit (6%), New Zealand Gully (12%), Ruapehu (27%), Stockpiles (6%) by Mineral Resource ounces.
(9) Data is rounded to thousands of tonnes and thousands of ounces. Discrepancies in totals may occur due to rounding.

Competent Persons Statement:

The information in this report that relates to Mineral Resources 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 2004 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.

ORE RESERVES STATEMENT AS AT 30 JUNE 2012

The Company's Total Ore Reserves estimates as at 30 June 2012 totalled **11.97 million tonnes at 6.6 grams per tonne of gold (g/t Au), containing 2.53 million ounces (Moz)** (2011 Reserve: 14.68 million tonnes @ 5.8 g/t Au containing 2.76 Moz). Ore Reserves are located at Gwalia, King of the Hills, Tower Hill and the Southern Cross Region. These Ore Reserves are tabulated in Table 2.

The 2012 Ore Reserve estimates are based on the following assumptions:

- A gold price of A$1,250 per ounce has been used for Gwalia, King of the Hills and Tower Hill. An average of A$1,400 has been used for Marvel Loch Underground. Residual surface stockpiles at Southern Cross have been estimated at a historical price of A$1,075 per ounce.
- Gwalia and King of the Hills have had updated Life of Mine plans which have been used in this estimate.
- Tower Hill has been carried over from the 2011 estimate.
- Marvel Loch's estimate is based on the remaining Life of Mine with current Ore Reserves to be depleted before end of 2012 calendar year.
- Nevoria has been subject to further studies and its Ore Reserve status has been confirmed.

The net depletion for the 2012 financial year of 229 koz, in the context of gold production for the fiscal year of 339 koz, is attributable to:

- 353 koz from mining activities (184 koz at Gwalia, 60 koz at King of the Hills and 83 koz at Southern Cross, with an additional 26 koz from stockpiles).
- 152 koz of additions at Gwalia and King of the Hills as an outcome of additional Ore Resource and remodelling.
- 20 koz depletion at King of the Hills due to redesign of pillars associated with the open pit exclusion zone.
- 30 koz additional depletion at Southern Cross in response to changed mining plans.

GWALIA

The overall Gwalia Ore Reserve estimate as at 30 June 2012 has reduced by a net 48 koz, after 184 koz of gold production. The Ore Reserve grade has reduced slightly to 8.7 g/t Au (2011: 8.9 g/t Au). Increased confidence in reconciliation and modelling work has been used to update extraction and grade factor, which have been applied to the 2012 Mineral Resource model to estimate Ore Reserves. The Ore Reserve estimate comprises a depleted Grade Control model to 1,420 metres below surface (mbs), with the 2012 model from 1,420 to 1,800mbs (2011: 1,780mbs). As at 30 June 2012, based on Ore Reserves and the Life of Mine plan, the Gwalia mine is expected to have a 9+ year mine life.

KING OF THE HILLS

The Definitive Mining Study for the King of the Hills mine has been reviewed and updated in response to infill drilling in both the Eastern and Western Flank Ore bodies. This revised mine plan includes a 20 koz depletion for pillars associated with the exclusion zone beneath the historical open pit as well as an additional 16 koz arising from infill drilling conducted during the period under review.

TABLE 2: SUMMARY OF PROVED AND PROBABLE ORE RESERVES AS AT 30 JUNE 2012

Category		Proved			Probable			Total		
Region	**Project**	**Tonnes (k)**	**Au g/t**	**koz**	**Tonnes (k)**	**Au g/t**	**koz**	**Tonnes (k)**	**Au g/t**	**koz**
Leonora	Gwalia Deeps	1,279	8.5	348	5,601	8.8	1,577	6,880	8.7	1,925
	*Tower Hill**				*2,699*	*3.8*	*329*	*2,699*	*3.8*	*329*
	King of the Hills				955	5.0	153	955	5.0	153
Total Leonora		1,279	8.5	348	9,255	6.9	2,060	10,534	7.1	2,407
Southern Cross	Marvel Loch	6	4.9	1	349	2.4	26	355	2.4	27
	*Nevoria Underground**				*713*	*4.0*	*80*	*713*	*3.5*	*80*
	Other (SXO Stock Piles)	367	1.0	12				367	1.0	12
Total Southern Cross		373	1.1	13	1,062	3.1	107	1,435	2.6	120
Total All Regions		**1,652**	**6.8**	**361**	**10,317**	**6.5**	**2,166**	**11,969**	**6.6**	**2,527**

Notes:
(1) Ore Reserves are based on a gold price of A$1,250/oz for Gwalia, King of the Hills, Tower Hill and Nevoria; A$1,400 average for Marvel Loch Underground.
(2) Mineral Resources are reported as inclusive of Ore Reserves.
(3) All data is rounded to two significant figures. Discrepancies in summations will occur due to rounding.
(4) Other relates to surface stockpiles valued at A$1,075/oz.
(5) * Items in Italics are carried forward from June 2011 Ore Reserve.

Competent Persons Statement:

The information in this report that relates to Ore Reserves 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 2004 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.

TABLE 3: ORE RESERVE CHANGES FROM 2011 TO 2012

		2011 koz	Depletion koz	Addition koz	2012 koz	Variance koz	Comment
LEONORA	Gwalia Deeps	1,973	-184	136	**1,925**	-48	Mining Depletion was partially offset by ounces added to the Reserve during the year.
			-184			*-184*	Mining depletion.
				136		*136*	Re modelling Gwalia deeps from additional drilling 1420–1800mbs.
	Tower Hill	329	0	0	**329**	0	No Change carried forward
	King of the Hills	221	-80	12	**153**	-68	Mining depletion and revised mine design.
			-60			*-60*	Mining depletion.
			-20			*-20*	Revised mining plan resulting in sterilisation of Eastern Flank Crown Pit Pillar by mining activities completed.
				12		*12*	Additions from design revision based on new drilling.
Total Leonora		2,523	-264	148	**2,407**	-116	
SOUTHERN CROSS	Marvel Loch	119	-93	0	**27**	-93	Mining depletion and depletion of reserve beyond Mine life.
			-83			*-83*	Mining depletion.
			-10			*-10*	Uneconomic depletion of reserve beyond Mine life.
	Nevoria Underground	80	0	0	**80**	0	No Change carried forward.
	Other	34	-26	4	**12**	-22	Marvel Loch Open Pit surface stockpile.
Total Southern Cross		233	-119	4	**120**	-115	
Total All Regions		**2,756**	**-383**	**152**	**2,526**	**-231**	

The Board and Management of St Barbara are committed to maintaining high standards of ethics, integrity and statutory compliance in all Company dealings.

This report describes the Corporate Governance framework in place that underpins the delivery of these objectives, and the Company's conformance with the ASX Corporate Governance Principles and Recommendations (2nd Edition) ("the ASX Principles and Recommendations"), by reference to each of the stated principles.

In addition, important governance information including details on the composition of the Board and Executive Management, Board related charters, and significant Company policies are available on the Company's website at www.stbarbara.com.au.

Principle 1: Lay solid foundations for management and oversight

The role of the Board is to protect and enhance shareholder value, approve the Company's strategic direction, provide Management with guidance and oversight and foster a culture of good governance.

In performing its role, the Board at all times endeavours to act:

a. in a manner designed to achieve business success and create and continue to build long term value for shareholders;
b. recognising its overriding responsibility to act honestly, fairly and ethically in serving the interests of the Company, its shareholders, employees, and as appropriate, other stakeholders; and
c. in accordance with the duties and obligations imposed upon Directors by the Board Charter and the Company's Constitution and applicable law.

The responsibilities of the Board are described in the Board Charter. Management is responsible for the day to day operation of the Company which it undertakes within a framework of specific delegated authority and approval limits.

The performance of each senior executive is formally assessed each year under the Company's performance appraisal system and reviewed by the Board. Further details, including the linkage to remuneration, are contained in the Remuneration Report.

Principle 2: Structure the Board to add value

INDEPENDENCE

It is Board policy that a majority of Non Executive Directors, including the Chairman, should be independent and free of any relationship that may conflict with the interests of the Company.

Each Director is required to provide advance notice of any actual or potential conflict of interest relating to business planned to be considered by the Board. Directors who have declared a potential or real conflict of interest on a particular issue may be excluded from all relevant Board deliberations, and from voting on that issue.

In assessing the independence of Directors, the Board considers the materiality of any transactions during the year relative to both the Company and any third party with which a Director is associated. Whilst Mr Lockyer has advised the Company that he is also a Non-Executive Director of Swick Mining Services, a provider of drilling services to the Company, Mr Lockyer abstains from any Board discussions relating to Swick Mining Services and is considered by the Board to be independent.

All current Non Executive Directors, including the Chairman, are considered to be independent. The Managing Director and CEO is the only Executive Director on the Board.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board periodically reviews its own composition, skill set and capability. The Board considers that the size, nature, scope and location of the Company's operations requires a mix of skills broadly technical, financial and commercial in nature and with a focus on natural resources. Specifically those skills should include governance, capital management and capital markets, mining and exploration, health, safety and environment, remuneration and policy and strategic planning. In seeking to ensure that the Board composition reflects and meets those needs, a broad diversity among directors is also sought based on age, gender and professional background qualifications and experience.

Having regard to the importance and relative infrequency of Board changes, there is no Nomination Committee as such but rather, the Board retains the nomination responsibility for itself.

When a need to appoint a Director to the Board arises, the Board reviews its skill sets and needs, and engages an independent search firm to assist and advise the Board in identifying and selecting the best candidate for the given vacancy. The assessment process includes interviews by at least a majority of, if not all, Board members.

The Board assesses candidates against a range of specific criteria, including their experience, background, qualifications and professional skills, potential conflicts of interest, the requirement for independence and the existing collective skill sets of the Board.

BOARD PERFORMANCE REVIEW

The Board undertook a formal review of its own performance during the 2011–12 financial year. This followed similar reviews in the preceding two years. The review was co-ordinated by the Chairman based on a formal questionnaire to all directors and senior executives and one on one interviews addressing board, committee and individual director performance. The outcomes were formally considered by directors who concluded that the Board and its committees are functioning well and that there were no Board performance issues which required any remedial action.

BOARD STRUCTURE

The Board currently comprises Colin Wise (Chairman), Doug Bailey, Betsy Donaghey, Tim Lehany (Managing Director & CEO), Phil Lockyer and Robert Rae.

Details of each current Director's skills, qualifications, experience, relevant expertise and date of appointment are set out in the Directors' Report.

The Board has established a number of standing Board Committees to provide a forum for a more detailed analysis of key issues and interaction with Management. Each Committee reports its recommendations to the next Board meeting. The current Committees are:

- Remuneration Committee;
- Audit Committee; and
- Health and Safety Committee.

The charter for each committee is available on the Company website at www.stbarbara.com.au.

In addition, a special purpose Board Committee may be established for a particular set of circumstances, as appropriate.

REMUNERATION COMMITTEE

The role of the Remuneration Committee is to assist and advise the Board on matters relating to:

a. The overall remuneration strategies and policies of the Company; and
b. The remuneration of the Managing Director & CEO, his senior executive direct reports, employees of the Company, and Non Executive Directors.

The members of the Remuneration Committee at the date of this report are Robert Rae (Chair), Doug Bailey, Betsy Donaghey and Colin Wise.

AUDIT COMMITTEE

The role of the Audit Committee is to assist and advise the Board on matters relating to:

a. Financial reporting;
b. Financial risk management;
c. Evaluation of the effectiveness of the financial control environment;
d. Review of the internal and external audit functions; and
e. Review of the Mineral Resource and Ore Reserve estimation processes.

The members of the Audit Committee at the date of this report are Doug Bailey (Chair), Phil Lockyer, Robert Rae and Colin Wise.

HEALTH AND SAFETY COMMITTEE

The role of the Health and Safety Committee is to assist and advise the Board on matters relating to:

a. Promoting a safety conscious culture throughout the Company;
b. Reviewing Health and Safety policies;
c. Reviewing Health and Safety objectives, strategies and plans; and
d. Monitoring compliance with Health and Safety regulatory requirements.

The members of the Health and Safety Committee at the date of this report are Phil Lockyer (Chair), Betsy Donaghey and Colin Wise.

ATTENDANCE AT MEETINGS AND ENGAGEMENT WITH THE BUSINESS

Details of the number of meetings of the Board and each standing Committee during the year, and each Director's attendance at those meetings, are set out in the Directors Report. Every Director has a standing invitation to attend any committee meeting and to receive committee papers.

All Directors visit St Barbara's mining operations periodically and meet with Management regularly to gain a better understanding of the Company's business.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION.

As specified in the Board Charter and individual letters of appointment, Directors have the right of access to all Company information and to the Company's Management. Subject to prior consultation with the Chairman, Directors may seek independent advice on any issue of particular concern from a suitably qualified adviser, at the Company's expense.

Principle 3: Promote ethical and responsible decision making

The Company has implemented a formal set of behavioural values designed to uphold high standards of integrity and work performance for the Board, Management, employees, and other members of the work force. The Company vision and the values underpinning it are disclosed on the Company's website.

Employees are accountable for their conduct under a range of Company policies and procedures, including safety, environment, equal opportunity, continuous disclosure and trading in Company securities. Employees and contractors are also made aware of acceptable behaviour through induction programs, on-going training and development and contact with senior staff who are encouraged to lead by example.

Procedures are in place to record and publicly report each Director's shareholdings in the Company.

The Company Secretary is responsible for investigating any reports of unethical practices and reporting the outcomes to the Managing Director & CEO or the Board, as appropriate.

The Company has not enshrined its values into a formal code of ethics at this time as it considers that all matters describing, prescribing and underpinning ethical behaviour are contained in the values and key policies outlined above.

DIVERSITY

The Company implemented a Diversity Policy during the 2011 financial year which is available on the Company's website at www.stbarbara.com.au. The Policy was reviewed by the Board during the year to ensure it remains appropriate and is operating effectively.

The measurable gender diversity objectives endorsed by the Board for the year, and the progress made against those objectives during the year, are as follows:

1. Increase the proportion of women employed by St Barbara from 17% to 19%, by 31 July 2014. During the year the number of women employed at St Barbara increased from 44 to 54. This resulted in the proportion of women increasing to 19.6 percent by 30 June 2012.
2. Reduce the Overall Pay Equity Gap at St Barbara to 20%, by 31 July 2014. During the year the median pay for women increased and the Overall Pay Equity Gap reduced to 17.7 percent.
3. Increase the percentage of women who return to work after a period of Maternity Leave to at least 66.6%, by 31 July 2014. Positive progress has been made with the only woman taking a period of Parental Leave over the review period, returning to work after nine months of Parental Leave. Furthermore, the three women who are currently taking a period of Parental Leave in 2012 have all expressed a desire to return to work, therefore it is highly likely the target of 66.67% will be achieved or exceeded.
4. By 30 June 2012, develop and implement a Talent Taskforce for the purposes of attracting and retaining a talented and diverse workforce.

A Talent Taskforce was established during the year to support executives in:

- understanding the talent-related issues the Company is facing and is likely to face in the future;
- identifying and ranking options to best position St Barbara for accessing the necessary talent to deliver our business strategy;

The following table shows the number of men and women on the Board, in Executive roles and in the workforce:

St Barbara Limited Gender Statistics Financial Year 12

	Total	No. of Men	% Men	No. of Women	% Women
Board	5	4	80%	1	20%
Senior Executives	5	5	100%	0	0%
Whole Organisation	275	221	80%	54	20%

Notes:
(1) Gender Statistics are as at 30 June 2012.
(2) The Board excludes the role of Managing Director & CEO.
(3) Senior Executives includes the role of Managing Director & CEO and the four most senior executives.
(4) Whole Organisation includes the Managing Director & CEO but does not include other Board members.

Principle 4: Safeguard integrity in financial reporting

The function of the Audit Committee includes responsibility on behalf of the Board for reviewing the integrity of financial reporting. The Audit Committee reviews the principles governing the Company's relationship with its external auditor. The Board considers that the external auditor's process of partner rotation is sufficient to maintain independence of the external audit function.

The Company has also initiated an internal audit function to review, independently of the external auditor, key financial controls and systems. That function is managed by an independent accounting firm which reports directly to the Audit Committee.

Principle 5: Make timely and balanced disclosure

St Barbara seeks to provide relevant up-to-date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements of the ASX Listing Rules and *Corporations Act 2001* (Cth).

The Company has implemented, and periodically updates, a Continuous Disclosure and External Communication Policy to ensure that information considered material to the share price is lodged with the ASX as soon as practicable and within ASX Listing Rule timelines.

Other relevant information, including Company presentations, are also subject to a structured process of internal review, disclosed to the ASX and posted on the Company's website.

Principle 6: Respect the rights of shareholders

The Company has a practice of regular engagement with shareholders in Australia and overseas and conducts regular analyst briefings. These activities are supported by the publication of the Annual Report, Quarterly Reports, public announcements and the posting of ASX releases on the Company website immediately after their disclosure on the ASX. Shareholders can elect to receive email notification of announcements.

Shareholders are encouraged to attend the Annual General Meeting and any other meetings of shareholders, to use the opportunity to ask questions and personally vote on shareholder resolutions. The external auditor attends the Annual General Meeting and is available to answer questions in relation to the audit of the financial statements.

Principle 7: Recognise and manage risk

Risk assessment and management are central to how the Company conducts its business through an enterprise wide risk management framework which delivers enhanced risk reporting and control mechanisms designed to ensure that strategic, operational, legal, reputational, financial and other risks are identified, assessed and managed.

The financial reporting and control mechanisms are reviewed during the year by Management, the Audit Committee, the internal audit function and the external auditor. The Board receives an annual declaration from the Managing Director and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* (Cth) that the Company's financial statements are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company has policies to manage risk in the areas of Health and Safety, Environment and Equal Employment Opportunity. The Board regularly reviews the high level risks within the business and the effectiveness of the Company's management of those risks.

Principle 8: Remunerate fairly and responsibly

The Remuneration Committee provides recommendations to the Board on the remuneration of the Managing Director & CEO, other senior executives and Non-Executive Directors. The Committee also reviews and approves all remuneration consultancy contracts for key management personnel remuneration and receives any remuneration recommendations.

NON-EXECUTIVE REMUNERATION

The remuneration of the Non Executive Directors is in the form of fixed fees consistent with their independence and impartiality. There are no retirement benefits paid to Non Executive Directors. Independent expert remuneration advice is considered from time to time in determining remuneration for the Chairman and Non-Executive Directors, respectively.

EXECUTIVE REMUNERATION

The Remuneration Committee provides recommendations to the Board on all aspects of executive remuneration including fixed remuneration, short term incentives and long term incentives. It utilises independent expert advice and surveys as appropriate to benchmark remuneration against contemporary resources industry data.

Further details of Director and Executive Management remuneration for the 2012 financial year are set out in the Directors' Report.

Financial Statements

Directors' Report

The Directors present their report on the Group "St Barbara Group", consisting of St Barbara Limited and the entities it controlled at the end of, or during, the financial year ended 30 June 2012.

Directors

The following persons were Directors of St Barbara Limited at any time during the year and up to the date of this report:

- S J C Wise Chairman
- T J Lehany Managing Director & CEO
- D W Bailey Non-executive director
- E A Donaghey Non-executive director
- P C Lockyer Non-executive director
- R K Rae Non-executive director

The qualifications, experience and special responsibilities of the Directors are presented on pages 27 to 28.

Principal activities

During the year the principal activities of the Group were mining and the sale of gold, mineral exploration and development. There were no significant changes in the nature of activities of the Group during the year.

Dividends

There were no dividends paid or declared during the financial year.

Overview of Results

St Barbara completed the 2012 financial year in a strong financial position, reporting a Statutory Profit of $130,230,000 (2011: $68,629,000) for the year ended 30 June 2012, which included significant items amounting to a net loss of $552,000 (2011: net gain of $14,198,000), cash on hand at 30 June 2012 of $185,242,000 (2011: $79,485,000) and total interest bearing borrowings of $4,256,000 (2011: $12,072,000).

The underlying net profit after tax for the year was $130,782,000 (2011: $54,431,000). The consolidated result for the year is summarised as follows:

	30 June 12 $'000	30 June 11 $'000
Sales revenue	**541,189**	359,575
EBITDA(3) (including significant items)	**204,034**	125,538
EBIT(2) (including significant items)	**106,811**	67,058
Statutory Profit(1) after tax for the year	**130,230**	68,629
Total net significant items	**(552)**	14,198
EBITDA(3) – excluding significant items	**218,963**	111,340
EBIT(2) – excluding significant items	**128,094**	52,860
Underlying net profit after tax(4) for the year	**130,782**	54,431

(1) Statutory Profit is net profit after tax attributable to owners of the parent.
(2) EBIT is earnings before interest revenue, finance costs and income tax expense.
(3) EBITDA is EBIT before depreciation and amortisation.
(4) Underlying net profit after tax is net profit after income tax ("Statutory Profit") excluding significant items.
(5) EBIT, EBITDA and underlying net profit after tax are non-IFRS financial measures, which have not been subject to review or audit by the Group's external auditors. These measures are presented to enable understanding of the underlying performance of the Group.

The significant items in the year ended 30 June 2012 comprised a net realised/unrealised loss on gold put and call options of $5,400,000, expenses associated with the Allied Gold acquisition of $5,664,000, an impairment write off of Southern Cross assets of $10,219,000, and an income tax benefit of $20,731,000.

Details of significant items included in the Statutory Profit for the year are as follows:

	30 June 12 $'000	30 June 11 $'000
Unrealised (loss)/gain on gold options(1)	**(6,102)**	12,946
Realised gain on gold options(1)	**702**	525
Expenses associated with acquisitions(2)	**(5,664)**	–
Asset impairment write-down(3)	**(10,219)**	–
Profit on sale of Tarmoola processing plant	**–**	1,164
Proceeds from sale of tenement rights	**–**	1,963
Native Title accrual	**–**	(2,400)
Significant items before tax	**(21,283)**	14,198
Income tax benefit(4)	**20,731**	–
Total significant items – net (loss)/profit after tax	**(552)**	14,198

(1) At 30 June 2012 the mark-to-market value of the Company's gold put and call options (collar structure) was negative $16,290,000 (June 2011: negative $8,101,000). The put and call options at 30 June 2012 represent price protection for 175,000 ounces of King of the Hills production, and 20,000 ounces for Southern Cross production (June 2011: King of the Hills: 238,000 ounces; Southern Cross: nil ounces). In accordance with accounting standards the net unrealised loss, representing the movement in the time value of the gold options during the year, amounting to $6,102,000, was recognised in the income statement (2011: unrealised gain of $12,946,000). The net realised gain of $702,000 represents the unwinding of the unrealised mark-to-market loss previously recognised for gold options that were exercised or expired during the year (2011: realised gain of $525,000). The unrealised loss related to the movement in the intrinsic value of the gold options in the year of $3,054,000 (2011: gain of $17,102,000) was recognised in the gold cash flow hedge reserve in equity, with a realised gain of $264,000 recognised in the reserve for options that were exercised or expired during the year. Over time, unrealised losses on the gold options recognised in the income statement will reverse either through a change in the mark-to-market value of the options or maturity of the contracts.

(2) During the year, the Company engaged various consultants to assist with completing the due diligence and in making an offer for Allied Gold (refer Note 33 of the Financial Statements for further details of the Allied Gold transaction).

(3) Based on an assessment of the Southern Cross operations cash generating unit ("CGU") at 30 June 2012, an impairment write down was taken against assets of the CGU. While the Southern Cross operations are expected to generate positive net cash flows in the remaining period to closure, the cash flow estimates no longer support the full recovery of the carrying value of the Southern Cross CGU assets, including deferred mine operating development expenditure ($3,865,000), capitalised mine development ($1,723,000), plant and equipment ($3,901,000) and capitalised exploration and evaluation expenditure ($730,000).

(4) At 30 June 2011, the Group had unbooked tax losses of $182,258,000 (before tax effect) – these losses were not booked as it was not probable at that time that future taxable profits would be generated to utilise these losses. At 30 June 2012, based on current operational forecasts, it is now probable that future taxable profits will be generated to utilise the Group's tax losses. The credit of $20,731,000 recognised as an income tax benefit represents the booking of the tax effect of remaining losses at 30 June 2012 which were not previously booked.

Discussion and Analysis of Operating Results and the Income Statement

For the year ended 30 June 2012 St Barbara reported an underlying profit after income tax of $130,782,000 (2011: $54,431,000), representing a substantial improvement on the previous year. The significant improvement compared with the prior year was the result of increased gold sales from Gwalia and King of the Hills, with 2012 being the first full year of operations at King of the Hills, and a stronger gold price.

The Group's focus during the year continued to be increasing production at the Gwalia and King of the Hills underground mines at Leonora, achievement of profitable production at the Southern Cross operations and exploration for gold close to existing operations at Leonora and Southern Cross.

Financial performance

Total sales revenue of $541,189,000 (2011: $359,575,000) was generated from gold sales of 335,787 ounces (2011: 257,653 ounces) at an average achieved gold price of A$1,603 per ounce (2011: A$1,387 per ounce). Total production for the period was 338,879 ounces (2011: 258,474 ounces), with Leonora operations contributing 241,487 ounces (2011: 138,199 ounces) and Southern Cross operations 97,392 ounces (2011: 120,275 ounces). A summary of the production performance for the year ended 30 June 2012 is provided in the table below.

DETAILS OF 2012 PRODUCTION PERFORMANCE

		Southern Cross		Gwalia		King of the Hills	
		2011/12	2010/11	**2011/12**	2010/11	**2011/12**	2010/11
Underground Ore Mined	t	**892,365**	1,161,078	**662,300**	647,546	**457,375**	65,819
Grade	g/t	**2.9**	3.2	**8.8**	6.3	**4.1**	4.5
Ore Milled	t	**1,842,820**	1,199,627	**716,640**	648,212	**452,941**	50,105
Grade	g/t	**1.9**	3.4	**8.3**	6.3	**4.1**	4.6
Recovery	%	**89**	92	**97**	96	**94**	95
Gold Production	oz	**97,392**	120,275	**184,534**	131,133	**56,953**	7,066
Cash Cost(1)	A$/oz	**1,199**	890	**646**	765	**753**	699
Total Cost(1)	A$/oz	**1,482**	1,060	**882**	1,020	**1,051**	997

(1) Before significant items

GWALIA

Gold production from the Gwalia underground mine in the year was 187,023 ounces (2011: 131,133 ounces), which was a significant increase on the prior year. As the mine reached its long term sustainable production rate, the higher production was due mainly to an increase in the average grade of ore mined as ore sources moved into the higher grade South West Branch. The South West Branch is expected to be the principal ore source for the foreseeable future. The Leonora processing plant continued to perform well during the year and achieved average recoveries of 97%. A small quantity of low grade ore from Tower Hill stockpiles and Gwalia mineralised waste were treated during the year to capitalise on plant capacity. Gwalia unit cash costs for the year were $646 per ounce (2011: $765 per ounce), reflecting the benefit of higher production. Total Cash Operating Costs at Gwalia(1) of $119,158,000 were higher compared with the prior year (2011: $100,373,000), due mainly to increased mining activity and higher production.

KING OF THE HILLS

After commencing production in April 2011, the King of the Hills mine produced 60,235 contained ounces in the year ended 30 June 2012. During the year, 452,941 tonnes of King of the Hills ore was processed through the Gwalia processing plant producing 56,953 ounces. The King of the Hills unit cash costs for the year were $753 per ounce, which was in line with expectations. Total Cash Operating Costs at King of the Hills were $42,870,000 (2011: $4,941,000), reflecting the fact that the 2012 financial year was the first full year of production.

(1) Cash Operating Costs are mine operating costs including government royalties, and after by-product credits. This non-IFRS financial information is presented to provide meaningful information to assist management, investors and analysts in understanding the results of the operations. Cash Operating Costs are calculated according to common mining industry practice using The Gold Institute (USA) Production Cost Standard (1999 revision).

SOUTHERN CROSS

Southern Cross operations generated positive cash flows as the Marvel Loch mine approaches the end of its mine life. For the year ended 30 June 2012, Southern Cross operations generated positive net cash flows of $22,852,000. The Marvel Loch underground mine produced 82,346 ounces (2011: 120,275 ounces) in the year. The lower production compared with the prior year was due to lower tonnes mined from Marvel Loch at a lower grade. To offset the lower production from Marvel Loch underground the operations processed 944,237 tonnes of existing low grade stockpiles from satellite mine sites, which reduced the overall milled grade to 1.9 grams per tonne for the year (2011: 3.4 grams per tonne). The Southern Cross Operations unit cash costs for the year were $1,199 per ounce before significant items (2011: $890 per ounce), reflecting the impact of the lower production and grade. Total Cash Operating Costs were $116,819,000 (2011: $107,081,000) for the year, with the higher costs compared with prior year attributable to the increase in ore milled.

As at 30 June 2012 an impairment write off of $10,219,000 (before income tax) was taken against the assets of the Southern Cross operations cash generating unit ("CGU"). The remaining life of the Marvel Loch underground mine is expected to end in October 2012 and the processing plant will be placed on care and maintenance in November 2012. While the operations are expected to generate positive net cash flows in the remaining period to closure, the cash flow estimates no longer support the full recovery of the carrying value of the assets.

CORPORATE AND DISCOVERY & GROWTH

Exploration and evaluation expenditure in the year amounted to $20,821,000 (2011: $22,147,000), of which $16,246,000 (2011: $13,284,000) was expensed in the income statement. Capitalised exploration in the year was in relation to the deep drilling program at the Gwalia mine.

During the year, the Company incurred $5,664,000 in costs associated with the Allied Gold acquisition. The majority of the expenditure in the year relates to legal, financial and technical consultants engaged to assist with due diligence.

Corporate administration costs for the year of $13,732,000 (2011: $13,819,000) comprised mainly expenses relating to the corporate office and compliance costs.

Royalty expenses for the year were $22,078,000 (2011: $13,693,000), reflecting the impact of higher gold sales revenue from increased production and a higher average achieved gold price. This expense represents gold royalties paid to the Western Australian Government and a third party corporate royalty, which equated to a charge of $66 per ounce sold.

Other revenue of $6,779,000 (2011: $9,382,000) comprised mainly interest earned during the year of $6,442,000 (2011: $5,611,000). The prior year included third party toll treatment revenue of $3,422,000.

Other income for the year of $922,000 (2011: $4,449,000) included $550,000 representing the recovery of legal costs in relation to the Eshuys litigation. Other income in the prior year included the sale of the Tarmoola plant; the sale of excess tenements in the Leonora region; and the recovery of legal costs in relation to the Kingstream litigation.

Depreciation and amortisation of fixed assets and capitalised mine development and exploration amounted to $97,223,000 (2011: $58,480,000) for the year. Depreciation and amortisation attributable to Gwalia was $45,200,000 (2011: $35,092,000), King of the Hills was $17,168,000 (2011: $2,107,000), and Southern Cross was $33,824,000 (2011: $20,443,000), with the balance associated with corporate and exploration activities. The higher depreciation and amortisation charge in the year at Gwalia and King of the Hills was attributable to the higher production compared with the prior year. Included within the Southern Cross depreciation and amortisation expense was an impairment write off of $6,354,000. The remaining increase in the Southern Cross depreciation and amortisation expense reflected the increase in mine development amortisation as the mine nears the end of its life.

Net finance costs in the year were $3,754,000 (2011: $4,040,000), representing the unwinding of the discount on the rehabilitation provision of $2,890,000, and interest expenses on finance leases and the bank guarantee facility for environmental bonds.

A net realised/unrealised loss of $5,400,000 (2011: gain of $13,471,000) was recognised in the income statement for the year, representing the movement in the mark-to-market valuation of the Company's gold put and call options (collar structure). The collar structure is a cash flow hedge, which as at 30 June 2012 provides price protection for 175,000 ounces of King of the Hills production to June 2015 and 20,000 ounces of Southern Cross production to September 2012. Accounting standards require movements in the time value of the collar structure to be recognised in the income statement at each reporting date.

Discussion and Analysis of the Cash Flow Statement

OPERATING ACTIVITIES

Cash flows from operating activities for the year were $221,827,000 (2011: $103,073,000), representing a significant increase compared to the prior year. Increased operating cash flows were attributable to higher receipts from customers, reflecting the benefit of higher gold sales. Payments to suppliers and employees were higher than the prior year at $320,465,000 (2011: $241,716,000) due mainly to increased production at Gwalia and a full year of production at King of the Hills. Payments for exploration expensed in the year amounted to $16,246,000 (2011: $13,284,000), with the higher amount expensed attributable to a lower level of capitalised expenditure compared with the prior year. Interest received of $5,555,000 (2011: $5,122,000) was higher than in the prior year due to the increased level of cash on hand during the year. Interest paid in the year was $65,000 (2011: $37,000).

INVESTING ACTIVITIES

Net cash flows used in investing activities amounted to $104,971,000 (2011: $122,382,000) for the year. Lower expenditure in the year was attributable to the reduction in development expenditure at Gwalia and Southern Cross, and the fact that the King of the Hills mine was developed and commissioned in the prior year. Exploration and evaluation expenditure capitalised of $4,575,000 (2011: $8,863,000) largely represented drilling to extend resources at the Gwalia mine. Investing expenditure during the year was in the following major areas:

- Underground mine development and infrastructure at Gwalia: $44,059,000 (2011: $49,302,000);
- Underground mine development and infrastructure at Marvel Loch: $13,987,000 (2011: $23,383,000);
- Underground mine development and infrastructure at King of the Hills: $22,711,000 (2011: $33,598,000);
- Purchase of property, plant and equipment at the operations: $19,457,000 (2011: $12,207,000); and
- Exploration and evaluation capitalised: $4,575,000 (2011: $8,863,000).

FINANCING ACTIVITIES

Net cash flows from financing activities were an outflow of $11,099,000 (2011: outflow of $3,363,000), with major movements in cash flows including:

- Payments for share buy-backs in February and March 2012 of $2,239,000 (2011: Nil);
- Scheduled repayments of insurance premiums, leasing and equipment financing facilities amounting to $4,452,000 (2011: $7,005,000);
- Repayment of the outstanding balance of an asset financing facility of $6,963,000 (2011: Nil); and
- Proceeds for funding asset purchases and insurance premiums totalling $3,227,000 (2011: $4,299,000).

Discussion and Analysis of the Statement of Financial Position

NET ASSETS AND TOTAL EQUITY

St Barbara's net assets and total equity increased during the year by $127,486,000 to $563,833,000, due mainly to the net profit after tax earned in the year of $130,230,000.

The available cash balance at 30 June 2012 was $185,242,000 (2011: $79,485,000).

A net deferred tax asset of $22,215,000 was recognised at 30 June 2012 (2011: Nil). The recognition of the net deferred tax asset is largely attributable to the booking of previously unrecognised tax losses. These losses have been booked on the basis that current operational forecasts indicate that is it probable that future taxable losses will be generated to utilise the tax losses booked.

Property, plant and equipment, mine properties and capitalised exploration had a combined value at 30 June 2012 of $409,049,000 (2011: $401,370,000). The increase of $7,679,000 was due mainly to mine development expenditure at Leonora and capitalised exploration.

Trade and other payables increased to $55,542,000 at 30 June 2012 (2011: $49,366,000) reflecting the higher level of expenditure, mainly at Leonora.

Derivative financial liabilities increased to $16,377,000 at 30 June 2012 (2011: $10,468,000) reflecting the change in the net fair value of the gold put and call options. These derivative financial liabilities will reverse over time as the options mature.

NET DEBT

Net debt, comprising total borrowings less cash on hand, was net cash of $180,986,000 at 30 June 2012 (2011: net cash of $67,413,000). As at 30 June 2012 total interest bearing borrowings amounted to $4,256,000 (30 June 2011: $12,072,000), including lease facilities of $2,016,000 and insurance premium funding of $1,976,000. The decrease in interest bearing borrowings in the 2012 financial year represents the repayment of the GE asset financing facility in August 2011.

Significant changes in the state of affairs

The significant changes in the state of affairs of the Company during the financial year are as follows:

A) NET PROFIT FOR THE YEAR

The Group reported a net profit after tax for the year of $130,230,000, which reduced the accumulated losses of the Group to $48,977,000 at 30 June 2012.

B) IMPAIRMENT WRITE OFF

At 30 June 2012 the Group recognised an impairment write off in relation to plant and equipment, deferred mine operating development expenditure, capitalised mine development expenditure and capitalised exploration and evaluation expenditure at Southern Cross amounting to $10,219,000 before income tax.

C) INCREASE IN NET ASSETS

The Group's net assets increased by $127,486,000 during the year due mainly to net profit after tax and a reduction in the gold cash flow hedge reserve. At 30 June 2012, the Company booked a net deferred tax asset of $22,215,000 relating to tax losses which had previously not been recognised.

D) CHANGES IN ISSUED CAPITAL

During February and March 2012, the Company bought back 995,000 shares at an average price of $2.25 per share, reducing share capital by $2,239,000.

Likely developments and expected results of operations

The Company will continue to focus on achieving profitable production with an emphasis on value adding growth. The current remaining mine life of the Southern Cross operations is four months with the processing plant expected to be placed on care and maintenance in November 2012. The Leonora operations will continue as a high margin, long life production centre for the Company.

On 29 June 2012, it was announced that St Barbara and Allied Gold Mining Plc ("Allied Gold") had reached agreement to combine the two companies through a scheme of arrangement. Under the terms of the offer, St Barbara will acquire the entire issued and to be issued ordinary share capital of Allied Gold for $1.025 in cash, and 0.8 St Barbara shares for each Allied Gold share. Based on the closing price of St Barbara shares on the Australian Securities Exchange on 28 June 2012, being the last trading day before the announcement, the offer values Allied Gold at $556 million.

Funding the cash component of the offer, amounting to approximately $209 million, will be from St Barbara's existing available cash reserves and a $120 million four year term facility from National Australia Bank and Barclays Bank Plc.

On 14 August 2012, the shareholders of Allied Gold voted in favour of the scheme of arrangement. The court hearing in the UK to sanction the scheme is to be held on 30 August 2012. The effective date of the combination, subject to court approval, is expected to be by 7 September 2012.

Management will review the Allied Gold operations after the combination is approved to determine the expected financial results of the operations and likely developments.

Further information about anticipated developments in the operations of St Barbara and the anticipated results of those operations in future financial years have not been included in this report because there is insufficient certainty to warrant disclosure.

Regulatory environment

The Company's mining activities are all in Western Australia and are governed by Western Australian legislation, including the *Mining Act 1978*, the *Mines Safety and Inspection Act 1994*, *Dangerous Goods Safety Act 2004* and other mining related and subsidiary legislation. The Group is subject to significant environmental regulation, including, *inter alia*, the *Western Australian Environmental Protection Act 1986*, *Contaminated Sites Act 2003*, *Wildlife Conservation Act 1950*, *Aboriginal Heritage Act 1972* and the *Commonwealth Environmental Protection and Biodiversity Conservation Act 1999*, as well as safety compliance in respect of its mining and exploration activities.

The Company is registered pursuant to the *National Greenhouse and Energy Reporting Act 2007* under which it is required to report energy consumption and greenhouse gas emissions for its operations for the twelve months ending 30 June. St Barbara also reports to Government pursuant to both the *Energy Efficiency Opportunities Act 2006* and the *National Environmental Protection (National Pollutant Inventory) Measure* (subsidiary legislation to the *National Environmental Protection Measures (Implementation) Act 1998*). The Company has established data collection systems and processes to meet these reporting obligations.

In addition, the Company's Australian operations will be required to comply with the Australian Federal Government's *Clean Energy Act 2011*, which has been enacted as at the date of this report to apply from 1 July 2012.

Information on Directors

S J COLIN WISE LL.B, FAICD, FAusIMM

Chairman – Non Executive

Mr Wise is an experienced corporate lawyer, consultant and company director with significant expertise in the mining and exploration industry and resources, energy and corporate sectors. He spent 24 years with WMC Limited, 10 of which as General Counsel and subsequently, 4 years as Counsel to a New York law firm. He has extensive practical experience in Australia and internationally with a wide range of corporate, operational and legal matters.

He has been Chairman of St Barbara since mid 2004, and is a Fellow of both the Australian Institute of Company Directors and the Australasian Institute of Mining and Metallurgy. Until recently he was a member of the Advisory Board to the Dean of Medicine, Nursing and Health Sciences at Monash University and was a Non Executive Director for 5 years of Southern Health, the largest health care service in Victoria, Chair of its Quality Committee, and a member of the Audit Committee.

Other current public company directorships

Straits Resources Limited

Former public company directorships in last 3 years

Nil

Special responsibilities

Chairman of the Board

Member of the Remuneration, Audit and Health & Safety Committees

Interest in shares and options

Mr Wise has a relevant interest in 1,139,389 fully paid ordinary shares of the Company.

TIMOTHY J LEHANY B.E., MBA, MAusIMM

Managing Director and Chief Executive Officer

Mr Lehany is a mining engineer with extensive operating experience over the past twenty years with a number of mining companies, including Newcrest Mining Ltd and WMC Ltd. His roles covered gold, base metal and nickel mines.

Other current public company directorships

Nil

Former public company directorships in last 3 years

Nil

Special responsibilities

Nil

Interest in shares and options

Mr Lehany has a relevant interest in 167,822 fully paid ordinary shares and holds 976,220 unlisted options to acquire fully paid ordinary shares, subject to performance hurdles, and holds 1,217,440 performance rights that will convert into shares subject to performance hurdles. The details of the unlisted options and performance rights are provided later in this Report.

DOUGLAS W BAILEY, BBus (Acc), CPA, ACIS

Non Executive Director

Mr Bailey was the Chief Financial Officer of Woodside Petroleum Ltd between 2002 and 2004 and previously, was an Executive Director of Ashton Mining Limited from 1990 to 2000, including the last 3 years as Chief Executive Officer. He was also a Non Executive Director of Aurora Gold Ltd for the period 1993–2000.

Other current public company directorships

Tap Oil Limited

Former public company directorships in last 3 years

Nil

Special responsibilities

Chairman of the Audit Committee

Member of the Remuneration Committee

Interest in shares and options

Mr Bailey has a relevant interest in 30,247 fully paid ordinary shares.

ELIZABETH A (BETSY) DONAGHEY B.Sc(Eng) M.S

Non Executive Director

Ms Donaghey is a civil engineer with extensive oil & gas industry and corporate experience. This included roles with BHP Billiton for 19 years in gas marketing, reservoir engineering and business planning and analysis.

Ms Donaghey also spent 9 years with Woodside Energy in various senior gas business and strategic planning roles, culminating in Ms Donaghey's executive leadership of Woodside Energy's Australian business unit, with assets generating annual revenue exceeding $1 billion and new projects with $1.5 billion capital investment and, subsequently, the business unit developing the Browse LNG project.

Ms Donaghey is a member of the Board of the Australian Renewable Energy Agency, an independent statutory authority established by the Commonwealth Government.

Other current public company directorships

Imdex Limited

Former public company directorships in last 3 years

Nil

Special responsibilities

Member of the Remuneration and Health & Safety Committees

Interest in shares and options

Ms Donaghey has a relevant interest in 40,000 fully paid ordinary shares of the Company.

PHILLIP C LOCKYER M.Sc, AWASM, DipMETALL
Non Executive Director

Mr Lockyer is an experienced mining engineer and metallurgist with over 40 years experience in the mineral industry with an emphasis on gold and nickel, in both underground and open pit operations. Mr Lockyer was employed by WMC Resources for 20 years, and as General Manager for WA was responsible for that Company's nickel division and gold operations. Mr Lockyer also held the position of Director Operations for Dominion Mining Limited and Resolute Limited.

Other current public company directorships

Focus Minerals Limited

Western Desert Resources Limited

Swick Mining Services Limited

CGA Mining Limited

Former public company directorships in last 3 years

Nil

Special responsibilities

Chairman of the Health & Safety Committee

Member of the Audit Committee

Interest in shares and options

Mr Lockyer has a relevant interest in 20,631 fully paid ordinary shares of the Company.

ROBERT K RAE B.Com (Hons), FAICD
Non Executive Director

Mr Rae is a Director and Partner of McClintock Associates, a private investment bank and advisory firm and has extensive industry and corporate experience. Mr Rae has held previous directorships within the mining industry, including Plutonic Resources Limited, Ashton Mining Limited, WA Diamond Trust and Centralian Minerals Limited. Mr Rae is also a member of the Salvation Army Advisory Board.

Other current public company directorships

McClintock Associates Securities Limited

SCEGGS Darlinghurst Limited

SHEM Limited

Former public company directorships in last 3 years

Nil

Special responsibilities

Chairman of the Remuneration Committee

Member of the Audit Committee

Interest in shares and options

Mr Rae has a relevant interest in 48,976 fully paid ordinary shares of the Company.

Qualifications and experience of the company secretary

ROSS J KENNEDY BComm, Grad.Dip – Company Secretarial Practice, ACA, FTIA, MAusIMM, FAICD, ACIS
Company Secretary

Mr Kennedy has more than 25 years experience as a public company secretary and has held a number of public company directorships in resources and technology companies. He has extensive experience in corporate management, including risk management, corporate governance, finance, accounting, commercial negotiations, takeovers, legal contracts, land management, human resources, statutory compliance and public reporting.

Meetings of Directors

The number of meetings of Directors (including meetings of Committees of Directors), and the numbers of meetings attended by each of the Directors of the Company during the financial year was:

	Board		Audit Committee		Remuneration Committee		Health & Safety Committee	
	A	B	A	B	A	B	A	B
S J C Wise	10	11	3	3	5	5	3	3
T J Lehany	11	11	–	–	–	–	–	–
D W Bailey	11	11	3	3	5	5	–	–
P C Lockyer	11	11	3	3	–	–	3	3
R Rae	11	11	3	3	5	5	–	–
E A Donaghey	11	11	–	–	5	5	3	3

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Remuneration report (Audited)

INTRODUCTION

This Remuneration Report forms part of the Directors Report for the year ended 30 June 2012. It describes the alignment of remuneration strategies with Company strategies for value creation, remuneration related decision making authorities within the Company and the remuneration principles that applied for the 2012 financial year. The Report also provides details of remuneration paid for the 2012 financial year to Directors and senior executives; collectively referred to as Key Management Personnel.

OVERVIEW OF CONTENTS

1. Strategy and industry context;
2. Decision making authorities for remuneration at St Barbara;
3. Principles applied in determining the structure and amount of remuneration;
4. Company performance;
5. Details of remuneration paid; and
6. Summaries of service agreements for Executive Key Management Personnel.

1. Strategy and Industry Context

COMPANY STRATEGY

The Company's strategies for the 2012 financial year have been to build on existing organisational capabilities and business systems to reliably underpin sustained long term profitability and cash generation from the Company's existing gold assets, and to create opportunities for further growing value per share. In particular:

- Delivering consistent and reliable operational performance;
- Creating and sustaining a safe working environment;
- Maintaining effective community relations;
- Delivering superior returns on assets;
- Optimising cash flow from operations including driving Gwalia cash operating costs lower to improve margins;
- Pursuing organic growth through mine life extension for the Gwalia mine;
- Pursuing growth through acquisition of value accretive gold mineral resources, ore reserves, prospective exploration land prospects, and/or production capacity in the Australasian region;
- Pursuing exploration discoveries with potential for more than 1 million ounces of gold; and
- Continuing to develop organisation capability as a core competency for competitive advantage.

INDUSTRY CONTEXT

The Company is a gold producer with revenue for the 2012 financial year of $541,189,000 and operates predominantly in Western Australia with three operating underground mines and two processing plants. As at 30 June 2012, the Company workforce was comprised of 275 employees and 644 contractors. The Company competes for labour within the broader Australian resources sector and benchmarks its remuneration systems and levels against comparable companies in Australia.

REMUNERATION STRATEGY

The objectives of the Remuneration strategy for the 2012 financial year, consistent with the Company Strategy, were to ensure that:

- total remuneration for senior executives and each level of the workforce was market competitive;
- key employees were retained;
- total remuneration for executives and managers comprised an appropriate proportion of fixed remuneration and remuneration at risk;
- remuneration "at risk" encouraged and rewarded high performance aligned with value creation for shareholders, through an appropriate mix of short and long term incentives;
- the integrity of the remuneration review processes delivered fair and equitable outcomes; and
- remuneration for Non Executive Directors preserved their independence by being in the form of fixed fees.

The remuneration strategy, policy and structure are essentially unchanged from the previous reporting period and are directly linked to the development of strategies and budgets in the Company's annual planning cycle:

Month	Financial/Strategy	Remuneration
October	Annual strategy update	
January		Review STI & LTI design framework
February	Half Year Financial Report	
April	Budget setting framework	Agree Remuneration Review Framework Agree STI Targets for following financial year
July		Measure STI outcomes and determine award Award LTI grants
August	Annual Financial Report	
October	Annual Report	
November	Annual General Meeting	Shareholder approval of LTI Grant

KEY DEVELOPMENTS

On 29 June 2012, the Company announced that agreement had been reached with Allied Gold Mining Plc to combine the two companies through a scheme of arrangement on terms considered to be value enhancing for shareholders of both companies. Under the terms of the Offer, St Barbara will acquire the issued capital of Allied Gold Mining Plc for consideration of 0.8 St Barbara shares plus A$1.025 cash for each Allied Gold Mining Plc share.

On 14 August 2012, the shareholders of Allied Gold Mining Plc voted in favour of the scheme of arrangement. The scheme is due to be sanctioned by a UK court on 30 August 2012. Subject to this approval, St Barbara anticipates the combination will be effective by 7 September 2012. Further information is available on the Company's website at www.stbarbara.com.au

The King of the Hills mine at Leonora, which commenced gold production in May 2011, achieved sustainable long term gold production rates in the 2012 financial year. The Gwalia mine, also at Leonora, achieved a significant increase in the grade of ore mined, as production was sourced entirely from the higher grade South West Branch lode. This resulted in lower unit costs per ounce of gold produced, increased margins and increased cash flow from operations.

Further details are set out in the discussion and analysis of operating results on page 23.

2. Decision making authorities for remuneration at St Barbara

Remuneration strategy and policies are approved by the Board. They are aligned with, and underpin, the corporate strategy as set out in Section 1 of this Remuneration Report. On behalf of the Board, the Remuneration Committee oversees and reviews the effectiveness of the remuneration strategy, policies and practices to ensure that the interests of the Company, shareholders and employees are properly taken into account. The charter for the Remuneration Committee is approved by the Board and is available on the Company's web site at www.stbarbara.com.au

The Remuneration Committee is responsible for making recommendations to the Board on all aspects of remuneration arrangements for the five Non Executive Directors, the Managing Director and CEO, and the Executive General Managers with the authority and responsibility for planning, directing and controlling the activities of the Company; collectively referred to as the Key Management Personnel.

In addition, the Remuneration Committee oversees and reviews proposed levels of annual organisation remuneration increases and key employee related policies. It also receives reports on organisation capability and effectiveness, skills, training and development and succession planning for key roles.

The members of the Remuneration Committee are all independent, Non Executive Directors and as at the date of this report comprised:

R K Rae	–	Chair, Non Executive Director
D W Bailey	–	Non Executive Director
E A Donaghey	–	Non Executive Director
S J C Wise	–	Non Executive Director

In forming remuneration recommendations, the Remuneration Committee obtains and considers each year industry specific independent data and professional advice as appropriate. All reports and professional advice relating to the Managing Director and CEO's remuneration are commissioned and received directly by the Committee. The Committee reviews all other contracts with remuneration consultants and directly receives the reports of those consultants.

The Remuneration Committee has delegated authority to the Managing Director and CEO for approving remuneration recommendations for employees other than Executive Key Management Personnel, within the parameters of approved Companywide remuneration levels and structures.

3. Principles applied in determining the structure and amount of remuneration

The Company's remuneration strategy recognises that it needs to attract, reward and retain high calibre, high performing, and team orientated individuals capable of delivering and being incentivised to deliver the Company Strategy. The remuneration policy and related employment policies and practices are aligned with this strategy.

The Company operates a performance based remuneration system through which the remuneration of Executive Key Management Personnel is linked to the financial and non-financial performance of the Company and its share price.

Under the remuneration system the amount of at risk remuneration relative to an employee's total remuneration increases in line with the seniority of the role of that employee. This reinforces the linkage between personal and company performance and achievement of the Company's business strategy and creation of shareholder wealth.

(A) NON EXECUTIVE DIRECTORS' FEES

Non Executive Directors' fees are reviewed annually by the Board to ensure fees are appropriate to reflect the responsibilities and time commitments required of Non Executive Directors and to ensure that the Company continues to attract and retain Non Executive Directors of a high calibre. The Board seeks the advice of, and is guided by, specialist independent remuneration consultants in this process. Currently Non Executive Directors' fees are targeted between the median and the 75th percentile of comparatively sized companies.

In order to maintain their independence and impartiality, the fees paid to Non Executive Directors are not linked to the performance of the Company. Non Executive Directors have no involvement in the day to day management of the Company.

Superannuation contributions, in accordance with legislation, are included as part of each Director's total remuneration. Directors may elect to increase the proportion of their remuneration taken as superannuation subject to legislative limits. Non Executive Directors are not entitled to retirement benefits, bonuses or equity based incentives.

The total amount that can be paid to all Non Executive Directors is set by shareholders. This is currently $750,000 per annum in aggregate (approved by shareholders in November 2005). Within that amount, the basis and level of fees paid to Non Executive Directors is set by the Board, and reported to shareholders each year, as detailed in Section 5 of this Remuneration Report.

(B) EXECUTIVE REMUNERATION

The reward structures for the Company's executives are strongly aligned with shareholders' interests by:

- recognising the contribution of each senior executive to the achievement of the Company's strategy and business objectives;
- rewarding high individual performance;
- being market competitive to attract and retain high calibre individuals;
- ensuring that equity based remuneration through the long term incentive plan is based on achieving superior total shareholder return over a three year period.

To achieve these objectives, remuneration for executives is comprised of fixed remuneration and variable or at risk remuneration. The at risk component is comprised of separate short term and long term incentives in which the former are linked to specific personal and corporate/business unit objectives and the latter are linked to medium term strategic corporate objectives. Both provide a direct connection between achievement of targets which drive Company performance and shareholder wealth, with personal remuneration. The mix of fixed and at risk remuneration varies according to the role of each executive, with the highest level of at risk remuneration applied to those roles that have the greatest potential to influence and deliver Company outcomes and drive shareholder wealth.

The mix of fixed and at risk remuneration for executives is as follows:

Seniority	Fixed remun-eration	STI[1]	LTI[2]	Total remun-eration
Level 6 (CEO)	40%	20%	40%	100%
Level 5 (Exec GM)	50%	20%	30%	100%
Level 4 (GM)	57%	17%	26%	100%

(1) The STI value shown is at "target" performance. Target is the mid-point in a range of 0–200% for the rated performance of each individual. Less than target performance will result in less than the target allocation, potentially down to zero, and out performance can theoretically lead to two times the target allocation

(2) The LTI allocation is fixed at grant, but the proportion of the grant that vests, if any, is subject to performance measurement under the relevant LTI plan. See details below.

(i) Fixed Remuneration

(a) Base salary

Total Fixed Remuneration = Base Salary + Superannuation + Benefits

The base salary for each executive is influenced by the nature and responsibilities of the role, the knowledge, skills and experience required for the position, and the Company's need to compete in the market place to attract and retain the right person for the role.

Each senior executive undergoes an annual performance review as part of the Company's work performance system, in which individual and company performance is assessed in detail against pre-determined measures. The performance appraisal for each senior executive is assessed by the Managing Director and CEO and reported to the Remuneration Committee and later, the Board for review, including recommended remuneration outcomes that flow from that appraisal. For the Managing Director and CEO the performance appraisal is undertaken by the Chairman, is also reported to the Remuneration Committee and later, the Board, for review.

(ii) Fixed Remuneration – Superannuation

In addition to statutory superannuation contributions, senior executives may elect to contribute additional amounts, subject to legislative limits.

(iii) Fixed Remuneration – Benefits

Executives may receive benefits, including car parking and payment for certain professional memberships.

Total Fixed Remuneration for each executive role is benchmarked against the 75th percentile of prevailing comparable market rates, to ensure that the Company is able to attract and retain a talented and capable workforce appropriate to meet its current and anticipated needs.

(iv) Variable Remuneration – Short term incentives (STI)

The STI is an annual "at risk" component of remuneration for executives. It is payable based on performance against key performance indicators (KPIs) set at the beginning of the financial year. STIs are structured to remunerate senior executives for achieving annual Company targets as well as their own individual performance targets designed to favourably impact the business, which are weighted on an equal (50:50) basis at Target. Company and individual targets are established by reference to the Company Strategy (refer Section 1). The net amount of any STI after allowing for applicable taxation, is payable in cash.

For each KPI there are defined "threshold", "target" and "stretch" measures which are capable of objective assessment.

Threshold performance typically requires achievement of the full year budget for quantifiable measures such as safety, profitability, cash generation, as well as the achievement of criteria set as near term goals linked to the annual strategy review.

Target performance represents challenging but achievable levels of performance beyond achievement of budget measures.

For example, the Corporate NPAT STI at Target was set at 10% above budget NPAT for the year. Stretch performance requires significant performance above and beyond normal expectations and if achieved is anticipated to result in a substantial improvement in key strategic outcomes, operational or financial results, and/or the business performance of the Company.

The Remuneration Committee is responsible for recommending to the Board executive STIs and then later assessing the extent to which the Company STI measures and the individual KPIs of the senior executives have been achieved, and the amount to be paid to each executive. To assist in making this assessment, the Committee receives detailed reports and presentations on the performance of the business from the Managing Director & CEO and independent remuneration consultants as required.

(v) Variable Remuneration – Long term incentives (LTI)

LTIs are structured to reward executives for the long term performance of the Company relative to its peers and, commencing with the 2011 financial year, were granted in the form of Performance Rights. Previously, LTIs were granted in the form of unlisted employee options.

In considering the LTI awards for the 2012 financial year, the Board considered the trend towards deferring a portion of the award. Unlike other industries where matching revenues and expenses may have long lead times, the gold industry is such that gold produced is sold at arm's length within a matter of days from production. Revenue and expenses are then recorded. The industry characteristics supporting a look back testing of prior year performance awards do not carry the same weight in our industry.

Vesting conditions

The vesting of performance rights granted in respect of the 2012 financial year is subject to continuing employment as at the vesting date, and the Company achieving a Relative Total Shareholder Return ("TSR") at the 50th percentile or better, for the period from the performance rights pricing date to 30 June 2014.

In view of the elevated levels of corporate takeovers and mergers over the last two years involving ASX listed gold companies, and the difficulty in maintaining a stable TSR comparator group, for performance rights to be issued in respect of future years, it is envisaged that multiple performance vesting conditions will apply, linked to the Company's strategic plan.

For FY13 performance rights the vesting performance conditions will comprise:

- Relative Total Shareholder Returns;
- A measure of net growth in Ore Reserves as a proxy for increasing mine life; and
- Return on assets as a measure of capital efficiency and generation of shareholder value.

No performance rights have been granted since the end of the 2012 financial year.

The Relative Total Shareholder Return (Relative TSR) is measured against a defined peer group of companies which the Board considers compete with the Company for the same investment capital, both in Australia and overseas, and which by the nature of their business are influenced by commodity prices and other external factors similar to those that impact on the TSR performance of the Company.

The LTI measurement methodology for Total Shareholder Returns for comparator companies is as follows:

a. The TSR performance is calculated for each of the comparator companies that continue to be listed on ASX for the duration of the vesting period ("continuing company"); and

b. The TSR performance of a comparator company that ceases to be listed on ASX during the vesting period as a consequence of a takeover or merger ("exiting company") is measured:

   i. up to the date of that Company ceasing to be listed on ASX adjusted pro rata(1) for the remainder of the vesting period; plus

   ii. the pro-rata arithmetic average TSR of the continuing companies (excluding St Barbara) for the remainder of the vesting period,

c. The TSR performance of a comparator company that ceased to be listed on ASX during the vesting period (for any reason other than as a consequence of a takeover or merger) is measured as the percentage change divided by the period.

(1) "Pro rata" means the TSR of the exiting company, multiplied by the number of days from the first day of the LTI measurement period until the date on which the company ceases to be listed on the ASX, divided by the total number of days in the vesting period.

Example 1: Company A ceases to exist at end of year 2 on account of a takeover with 90% TSR and for year 3 the arithmetic average of the continuing companies is 30%, the deemed TSR for Company A is (2/3 x 90%) + (1/3 x 30%) = 70%.

Example 2: Company A fails as a company at the end of year 1 and ceases to be listed (whatever the actual TSR) the deemed TSR for Company A is -33% (being -100% divided by 3 years).

At the discretion of the Board, the composition of the comparator group of companies may vary from time to time. The composition of the comparator group pertaining to an LTI issued in a financial year is listed in the corresponding annual report. The peer group for the 2012 financial year comprised the following ASX listed, mid tier gold companies.

Company	
Intrepid Mines Limited	Resolute Mining Limited
Ramelius Resources Limited	Silver Lake Resources Limited
Saracen Mineral Holdings Limited	Catalpa Resources Limited(2)
Kingsgate Consolidated Limited	Unity Mining Limited
Regis Resources Limited	Oceana Gold Corporation

(2) On 14 October 2011 Catalpa Resources Ltd combined with Conquest Mining Ltd to form Evolution Mining Ltd.

Under the Plan Rules that apply for FY12 performance rights, which rely upon a single performance measure of Relative TSR, the percentage of rights that can vest is in accordance with the following rules:

Relative TSR Performance Over Measurement Period	% of Right to Vest
< 50th percentile	0%
50th percentile	50%
>50th & < 75th percentiles	Pro-rata between 50% & 100%
75th percentile and above	100%

In the event that St Barbara does not achieve the 50th percentile or better for the vesting period ending 30 June 2014, no performance rights will vest.

Expiry and other conditions

All performance rights expire on the earlier of their expiry date, immediately upon the effective resignation date of the relevant executive or twelve months from the date of retirement or retrenchment.

Performance rights granted under the plan carry no dividend or voting rights. On vesting each performance right is convertible into one ordinary share.

The assessed fair value at the grant date of performance rights is allocated equally over the period from grant date to vesting date, and the amount is included in the following table. Fair values at grant date are based on the prevailing market price on the date the right is granted.

Key Features of LTI Performance Rights at a glance	Vesting conditions	Exercise Price	10 day VWAP at start
	"Other conditions"	Vesting Date	30 June 2014

A Monte Carlo simulation is then performed to determine the probability of the market conditions associated with the rights being met. The probability estimated by the Monte Carlo simulation is then applied to the fair value. For rights issued during the year ended 30 June 2012, taking into account the impact of the market condition (as discussed above), the estimated fair value was, for accounting purposes, $2,073,000.

Further information on performance rights is set out in Notes 37 and 38 to the Financial Statements.

Illustrative example of performance rights calculation

Executive Total Fixed Remuneration (TFR)	$400,000
LTI award value (60% of TFR)	$240,000
10 day VWAP performance rights price	$1.845 per performance right
Performance Rights to be granted ($240,000 ÷ $1.845)	130,082

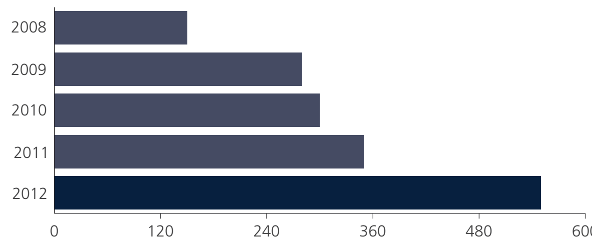
4. Company Performance

In assessing the Company's performance and improvement in shareholder wealth, consideration is given to the following measures in respect of the current financial year and the previous four financial years. Company revenues have grown strongly each year since 2008, with a significant improvement in profitability.

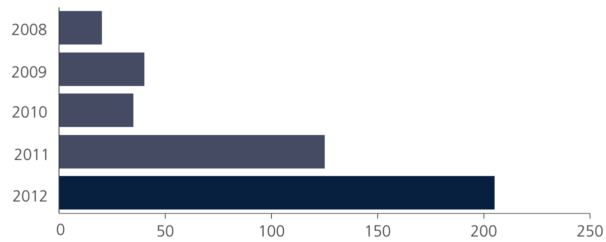
Earnings	2008 $'000	2009 $'000	2010 $'000	2011 $'000	**2012 $'000**
Sales revenue	143,129	281,129	296,760	359,575	**541,189**
EBITDA[(1)]	12,340	39,701	33,793	125,538	**204,034**
Statutory Profit/(loss) after tax[(1)]	(17,333)	(76,344)	(40,188)	68,629	**130,230**
Underlying net profit/(loss) after tax[(1)]	(29,291)	209	14,547	54,431	**130,782**

(1) Refer definitions on page 22.

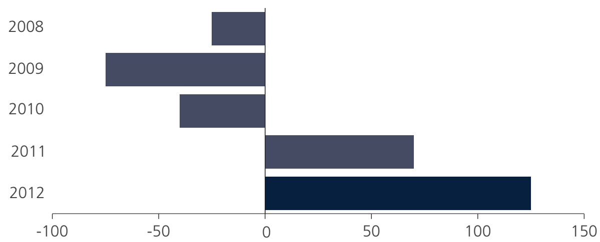
Sales Revenue ($M)



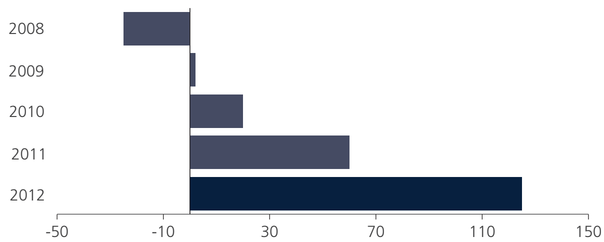
EBITDA[1] ($M)



Statutory Profit/(Loss) After Tax[1] ($M)



Underlying Net Profit/(Loss) After Tax[1] ($M)



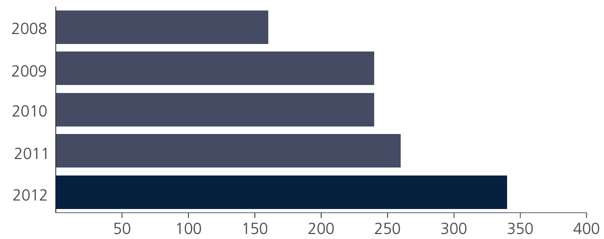
(1) Refer definitions on page 22.

The table below provides the share price performance of the Company's shares in the 2012 financial year and the previous four financial years.

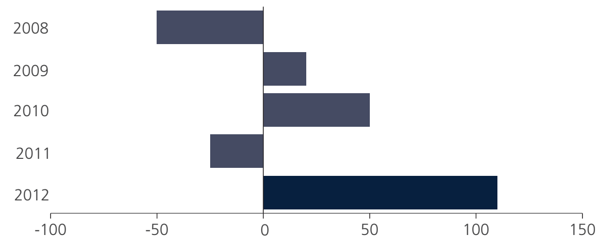
Share price history	2008	2009	2010	2011	**2012**
Period end share price ($ per share)	2.22	1.38	2.10	1.96	**1.77**
Average share price for the year ($ per share)	3.84	1.74	1.68	2.16	**2.12**

During the 2012 financial year, the Company's daily closing share price traded in a range of $1.77 to $2.52 per share (2011: $1.74 to $3.00 per share)

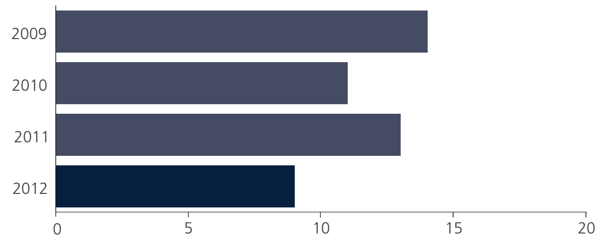
Gold Production (koz)



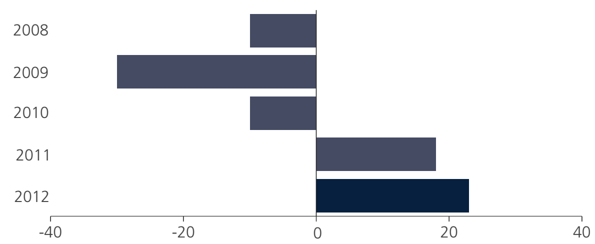
Net Cashflow ($M)



Total Recordable Injury Frequency Rate (TRIFR) (measured on a 12 month rolling basis)



Return on Equity(1) (%)



(1) Return on Equity ("ROE") is Statutory Profit divided by average Total Equity (calculated as the average of the opening and closing balances). ROE is a non-IFRS financial measure.

The Board has regard to the overall performance of the Company over a number of years in assessing and ensuring proper alignment of the "at risk" remuneration framework to deliver fair and proper outcomes consistent with the Company's performance.

5. Remuneration paid

Details of the remuneration of Directors and the senior executives of the Company during the year ended 30 June 2012 are set out in the following tables.

2012	Short-term benefits				Post-employment benefits	Long-term benefits					
Name	Cash salary & fees $	STI payment $	Non-monetary benefits[6] $	Other $	Super-annuation $	Long Service Leave[3] $	Share-based payments[4] $	Termin-ation payments $	Total $	Proportion of total perfor-mance related	Value of share based payments as % of total
Non Executive Directors											
S J C Wise (Chairman)	**219,225**	–	**15,577[5]**	–	**15,775**	–	–	–	**250,577**	–	–
D W Bailey	**107,798**	–	–	–	**9,702**	–	–	–	**117,500**	–	–
P C Lockyer	**107,798**	–	–	–	**9,702**	–	–	–	**117,500**	–	–
R K Rae	**107,798**	–	–	–	**9,702**	–	–	–	**117,500**	–	–
E A Donaghey	**100,000**	–	–	–	**9,000**	–	–	–	**109,000**	–	–
Total Non Executive Directors	642,619	–	15,577	–	53,881	–	–	–	712,077		
Executive Director											
T J Lehany	**832,225**	**675,220**	**5,810**	–	**15,775**	**72,407**	**639,020**	–	**2,240,457**	**30.1%**	**28.5%**
Other key management personnel											
G Campbell-Cowan	**434,625**	**297,151**	**2,905**	–	**15,775**	**20,328**	**177,468**	–	**948,252**	**31.3%**	**18.7%**
A Croll [1]	**224,680**	**128,503**	**549**	**50,000[7]**	**6,220**	**2,612**	**36,233**	–	**448,797**	**28.6%**	**8.1%**
D Rose [2]	**264,965**	**85,763**	**2,572**	–	**9,202**	–	–	**330,716**	**693,218**	**12.4%**	–
R Kennedy	**348,225**	**236,009**	**2,905**	–	**15,775**	**7,957**	**153,966**	–	**764,837**	**30.9%**	**20.1%**
P Uttley	**373,625**	**239,189**	**2,905**	–	**15,775**	**912**	**155,855**	–	**788,261**	**30.3%**	**19.8%**
Total Senior Executives	2,478,345	1,661,835	17,646	50,000	78,522	104,216	1,162,542	330,716	5,883,822		

(1) A Croll commenced employment as Chief Operating Officer on 16 January 2012.
(2) D Rose resigned with effect on 31 January 2012.
(3) For current employees, the amount represents the long service leave expense accrued for the period.
(4) The value of options/performance rights disclosed as remuneration is the portion of the fair value of the options/performance rights recognised in the reporting period.
(5) Represents car parking, mobile phone, and other administrative benefits.
(6) For the Senior Executives, Non monetary benefits comprise car parking and professional memberships.
(7) Represents a sign-on payment.

2011	Short-term benefits				Post-employment benefits	Long-term benefits					
Name	Cash salary & fees $	STI payment $	Non-monetary benefits(6) $	Other $	Super-annuation $	Long Service Leave(3) $	Share-based payments(4) $	Termin-ation payments $	Total $	Proportion of total perfor-mance related	Value of share based payments as % of total
Non Executive Directors											
S J C Wise (Chairman)	184,801	–	16,469(5)	–	15,199	–	–	–	216,469	–	–
D W Bailey	100,000	–	–	–	9,000	–	–	–	109,000	–	–
B J Gibson(1)	39,716	–	–	–	3,574	–	–	–	43,290	–	–
P C Lockyer	100,000	–	–	–	9,000	–	–	–	109,000	–	–
R K Rae	98,893	–	–	–	8,900	–	–	–	107,793	–	–
E A Donaghey(2)	22,392	–	–	–	2,015	–	–	–	24,407	–	–
Total Non Executive Directors	**545,802**	**–**	**16,469**	**–**	**47,688**	**–**	**–**	**–**	**609,959**		
Executive Director											
T J Lehany	832,801	110,416	7,594	–	15,199	22,878	242,048	–	1,230,936	9.0%	19.7%
Other key management personnel											
G Campbell-Cowan	405,801	60,519	3,797	–	15,199	18,771	48,987	–	553,074	10.9%	8.9%
D Rose	454,801	40,392	1,509	–	15,199	6,090	85,133	–	603,124	6.7%	14.1%
R Kennedy	348,801	40,950	3,797	–	15,199	12,696	45,883	–	467,326	8.8%	9.8%
P Uttley	348,801	50,050	3,797	–	15,199	4,651	66,208	–	488,706	10.2%	13.5%
Total Senior Executives	**2,391,005**	**302,327**	**20,494**	**–**	**75,995**	**65,086**	**488,259**	**–**	**3,343,166**		

(1) B J Gibson retired on 18 November 2010
(2) E A Donaghey was appointed on 4 April 2011.
(3) For current employees, the amount represents the long service leave expense accrued for the period.
(4) The value of options/performance rights disclosed as remuneration is the portion of the fair value of the options/performance rights recognised in the reporting period.
(5) Represents car parking, mobile phone, and other administrative benefits.
(6) For the Senior Executives, Non monetary benefits comprise car parking and professional memberships.

(A) NON EXECUTIVE DIRECTORS FEES

Non Executive Director fees for the 2012 financial year were determined, both as to their composition (for base fees and committee work) and overall level, based on advice from Ernst & Young as well as remuneration reports published by McDonald and Company.

They comprised:

- Director fees of $92,000;
- an allowance for chairing a Board Committee of $17,000; and
- a fee for serving as a member of a Board Committee of $8,500.

The Chairman's fee for the 2012 financial year was set at $235,000 (inclusive of all Board Committee commitments), as well as benefits in the form of a car park, mobile telephone allowance and other administrative benefits.

This was determined independently, based on roles and responsibilities in the external market for companies comparable with St Barbara Limited. The Chairman was not present at any discussions relating to the determination of his own remuneration.

(B) EXECUTIVE KEY MANAGEMENT PERSONNEL REMUNERATION

As set out in Section 4 of this Remuneration Report, in respect of the 2012 financial year the Company generated a 26% return on shareholder funds, which is materially above the Company's weighted average cost of capital.

For the year, Key Management Personnel received market competitive fixed remuneration, and an STI award based on exceeding the Corporate and Individual targets set by the Board. The LTI performance hurdles applicable to 2009 LTIs issued in the form of employee options were not met as at 30 June 2012, resulting in no LTIs vesting as at 30 June 2012.

Further details are set out below.

(i) Fixed Remuneration – Base salary

In considering remuneration for Executive Key Management Personnel for the 2012 financial year, the Remuneration Committee retained Ernst & Young and considered reports from McDonald and Company, as well as industry trend data and other relevant remuneration information.

(ii) Variable Remuneration – Short term incentives (STI)

The Company STI measures that applied for the 2012 financial year comprised:

- improved safety performance – measured in the form of a specified reduction in the Total Recordable Injury Frequency Rate by 30 June 2012;
- the achievement of defined benchmarks:
  - in excess of the budgeted underlying net profit after tax for the 2012 financial year; and
  - in excess of the budgeted cash position as at 30 June 2012

    (in each case, "target" performance was defined as at least 10% above budget.)
- a discretionary factor determined by the Board designed to take into account unexpected events and achievements during the year.

The actual gold revenue for determination of STI awards is normalised back to the gold price assumption contained in the budget. In calculating STI awards, Management does not receive the benefit, nor are they penalised for actual gold price movements away from the budget underlying assumptions.

For the 2012 financial year, the underlying net profit after tax, adjusted to budgeted gold price assumptions, exceeded STI "target" levels.

The individual performance measures varied according to the individual executive's responsibilities, and for the 2012 financial year reflected a range of value accretive and/or risk mitigation achievements aligned with the Company strategy. These included measures relating to improving safety, lifting production volumes and lowering production costs, achieving exploration discoveries and implementing business improvement systems. They also included a discretionary factor determined by the Board designed to take into account unexpected events and achievements during the year.

The tables below describe the Short Term Incentives available to, and achieved by, senior executives during the year.

2012	Maximum potential STI Target $	Maximum potential STI Stretch(1) $	Actual STI included in remuneration $	% of maximum 'Target' STI earned	% of maximum potential total STI earned	% of maximum potential total STI foregone
T J Lehany	424,000	848,000	675,220	100%	80%	20%
G Campbell-Cowan	180,160	360,320	297,151	100%	82%	18%
D Rose	109,667(2)	219,333(2)	85,763	78%	39%	61%
A Croll	95,333(2)	190,667(2)	128,503	100%	67%	33%
P Uttley	155,760	311,520	239,189	100%	77%	23%
R Kennedy	145,600	291,200	236,009	100%	81%	19%

(1) Inclusive of STI "Target"
(2) Applied pro-rata for period of employment

Amounts shown as "Actual STI" represent the amounts accrued in relation to the 2012 financial year, based on achievement of the specified performance criteria. No additional amounts vest in future years in respect of the STI scheme for the 2012 financial year.

(v) Variable Remuneration – Long term incentives (LTI)

None of the LTI options granted in respect of the FY09 year vested as at 30 June 2012, as they did not meet the Relative Total Shareholder Return criteria. As a result, the following options did not vest and are no longer exercisable:

T J Lehany	251,350
G Campbell-Cowan	201,192
R Kennedy	156,774

Details on options currently issued to Key Management Personnel are set out in Notes 37 and 38 of the Financial Report.

(A) Analysis of options granted as compensation

2012	Options granted					Value yet to vest	
	Number	Date	% vested in year	% forfeited in year	Financial year options vest	Minimum (A) $	Maximum (B) $
T J Lehany	976,220	19 Nov 2009	–	–	30 Jun 2013	Nil	114,928
	251,350	6 May 2009	–	100	30 Jun 2012	Nil	–
G Campbell-Cowan	290,670	23 Sep 2009	–	–	30 Jun 2013	Nil	31,460
	201,192	6 May 2009	–	100	30 Jun 2012	Nil	–
D Rose(1)	329,474	23 Sep 2009	–	100	30 Jun 2013	Nil	–
P Uttley	256,258	23 Sep 2009	–	–	30 Jun 2013	Nil	27,729
R Kennedy	256,258	23 Sep 2009	–	–	30 Jun 2013	Nil	27,729
	156,774	6 May 2009	–	100	30 Jun 2012	Nil	–

(1) D Rose resigned as Chief Operating Officer on 31 January 2012.
A The minimum value of options yet to vest is $nil as the vesting service conditions, which are continuing service conditions and relative Total Shareholder Returns over a three year period, are still to be satisfied.
B The maximum value of the options yet to vest represents the amount of the grant date fair value of the options that is still to be expensed in the income statement.

(B) Analysis of movements in the value of options granted and exercised

During the reporting period, no new options were issued and no options vested. 329,474 options issued to D Rose expired thirty days following the date of his resignation from the Company. In addition, the following options in respect of the FY09 did not vest as at 30 June 2012 and are no longer exercisable:

T J Lehany	251,350
G Campbell-Cowan	201,192
R Kennedy	156,774

(C) Performance Rights issued in the 2012 fiscal year.

Performance Rights Plan

All performance rights were granted under the previously approved St Barbara Limited Performance Rights Plan. Performance rights issued to Mr Lehany, Managing Director & CEO, were also approved by shareholders at the 2011 Annual General Meeting.

Performance Rights granted

Details on performance rights over ordinary shares in the Company that were granted as remuneration to each senior executive and details of performance rights that vested in the 2012 financial year are as follows:

2012	Number of performance rights granted during 2012	Issue price per performance right	Grant date	Expiry date	Fair value per performance right at grant date ($ per share)(1)	Number of performance rights vested during FY2012
T J Lehany	459,621	–	23 Nov 2011	30 Jun 2014	1.10	–
D Rose (2)	152,846	–	28 Oct 2011	30 Jun 2014	1.12	–
G Campbell-Cowan	146,472	–	28 Oct 2011	30 Jun 2014	1.12	–
R Kennedy	118,374	–	28 Oct 2011	30 Jun 2014	1.12	–
P Uttley	126,634	–	28 Oct 2011	30 Jun 2014	1.12	–
A Croll(3)	169,106	–	15 Mar 2012	30 Jun 2014	1.05	–

(1) The fair value of performance rights at grant date was determined using a Black-Scholes valuation to which a Monte Carlo simulation was applied to determine the probability of the market conditions associated with the rights being met. This methodology complied with the requirements of Australian Accounting standard AASB 2 *Share Based Payments*.
(2) D Rose resigned as Chief Operating Officer on 31 January 2012.
(3) A Croll commenced employment as Chief Operating Office on 16 January 2012.

6. Summaries of service agreements for Executive Key Management Personnel

Remuneration and other terms of employment for the Managing Director and CEO and the senior executives are formalised in service agreements. These agreements provide, where applicable, for the provision of performance related cash bonuses, other benefits including allowances, and participation in the St Barbara Limited Executive Option and Performance Rights Plans. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with senior executives may be terminated early by either party giving the required notice and subject to termination payments as detailed below.

All service agreements with senior executives, including with the Managing Director and CEO comply with the provisions of Part 2 D.2, Division 2 of the Corporations Act 2001.

T J Lehany – Managing Director and CEO

- Term of agreement – permanent employee, commencement 2 March 2009.
- Payment of a termination benefit for early termination by the Company, other than for serious misconduct or serious breach of duty:
  - a) Where 6 months notice of termination is given; an additional 6 months base salary and superannuation payment, and (at the discretion of the Board), any entitlement to a 'stretch performance' payment plus an amount equivalent to six months of notional 'target performance' payment; or
  - b) Where notice of immediate termination is given, 12 months base salary and superannuation, plus (at the discretion of the Board) an amount equivalent to 12 months of a notional 'target performance' payment.

The other Executive Key Management Personnel are all permanent employees, entitled to payment of a termination benefit on early termination by the Company, other than for gross misconduct or for poor performance as judged by the Company in its absolute discretion, equal to between 6 and 8 months base salary and superannuation.

Loans to Directors and executives

There were no loans to Directors or executives during the financial year 2012.

This concludes the Remuneration Report.

Indemnification and insurance of officers

The Company indemnifies all Directors of the Company named in this report, and a number of former Directors (including Mr Eduard Eshuys, Ms Barbara Gibson, Mr Richard Knight, Mr Hank Tuten, and Mr Mark Wheatley) and current and former executive officers of the Company and its controlled entities against all liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as Director or executive officer, unless the liability relates to conduct involving bad faith. The Company also has a policy to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

During the year the Company paid an insurance premium for Directors and Officers Liability and Statutory Liability policies. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured under the policy.

During the year the Company also paid the premium on a Personal Accident insurance policy on behalf of Directors, to insure them for travel while on Company business.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Environmental management

The Company regards compliance with environmental regulations as the minimum performance standard for its operations. The Company's operations in Western Australia are subject to environmental regulation under both Commonwealth and State legislation.

Overall, there was a 55% reduction in the number of externally reportable environmental incidents during the year ended 30 June 2012 compared with the previous year. There were two non-compliances registered and externally reported for the Southern Cross operations during the year. At Leonora, there were eight non-compliances registered and externally reported, which was a significant decrease in the number of incidents reported in the previous year. The decrease in incidents reported was largely due to the work commenced during the year on capping of the old Tarmoola tailings dam, which reduced the number of wind generated dust incidents in the second half of the year. None of the reported incidents were material in that there was minimal, if any, adverse impact on the environment. No formal notices relating to any of the environmental incidents were issued by regulators.

Non-audit services

During the year the Company employed the auditor on assignments additional to their statutory audit duties. The Company engaged KPMG to perform financial due diligence as part of the Company's processes for assessing the Allied Gold acquisition. Details of the amounts paid or payable to the auditor, KPMG, for non-audit services provided during the 2012 financial year are set out in Note 27 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 27 to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the non-audit services performed in the 2012 financial year undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*; and
- The Audit Committee annually informs the Board of the detail, nature and amount of any non-audit services rendered by KPMG during the most recent financial year, giving an explanation of why the provision of these services is compatible with auditor independence. If applicable, the Audit Committee recommends that the Board take appropriate action in response to the Audit Committee's report to satisfy itself of the independence of KPMG.

Auditor independence

A copy of the Auditor's Independence Declaration required under section 307C of the Corporations Act 2001 is set out on page 41 and forms part of this Director's Report. The Directors are satisfied that the provision of these services did not impair the auditor's independence.

Events occurring after the end of the financial year

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected or may significantly affect in future years the Company's operations, the results of those operations or the state of affairs, except for the following:

- On 29 June 2012, the Company announced a proposal to acquire all the share of Allied Gold Mining Plc ("Allied Gold") via a scheme of arrangement. Under the terms of the recommended offer, St Barbara will acquire the entire issued and to be issued ordinary share capital of Allied Gold for A$1.025 in cash and 0.8 St Barbara shares for each Allied Gold share (the "Offer"). Based on the closing price of St Barbara shares on the Australian Securities Exchange on 28 June 2012, being the last trading day before the announcement, the offer values Allied Gold at $556 million.
- The cash consideration payable under the terms of the Offer will be funded from St Barbara's existing cash resources and additionally by using a A$120 million term loan facility. Following implementation of the Offer, Allied Gold will become a wholly owned subsidiary of St Barbara.
- On 14 August 2012, the shareholders of Allied Gold voted in favour of the scheme of arrangement. The court hearing in the UK to sanction the scheme is to be held on 30 August 2012. The effective date of the combination, subject to court approval, is expected to be by 7 September 2012.

Rounding of amounts

St Barbara Limited is a Company of the kind referred to in Class Order 98/100 approved by the Australian Securities and Investments Commission and issued pursuant to section 341(1) of the Corporations Act 2001. As a result, amounts in this Directors' Report and the accompanying Financial Report have been rounded to the nearest thousand dollars, except where otherwise indicated.

This report is made in accordance with a resolution of Directors.

For and on behalf of the Board

Dated at Melbourne this 23rd day of August 2012

Timothy J Lehany

Managing Director and CEO

Auditor's Independence Declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of St Barbara Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Tony Romeo
Partner

Melbourne

23 August 2012

Financial Report

This financial report covers St Barbara Limited (the Group) consisting of St Barbara Limited and its subsidiaries. The financial report is presented in the Australian currency.

St Barbara Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is:

St Barbara Limited
Level 10, 432 St Kilda Rd
Melbourne VIC 3004

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the Directors on 23 August 2012. The Company has the power to amend and reissue the financial report.

Consolidated Income Statement

For the year ended 30 June 2012

	Notes	Consolidated	
		2012 $'000	2011 $'000
Revenue from continuing operations	6	**541,189**	359,575
Mine operating costs	9	**(268,877)**	(208,021)
Gross profit		**272,312**	151,554
Other revenue	6	**6,779**	9,382
Other income	7	**922**	4,449
Exploration expensed		**(16,246)**	(13,284)
Corporate and support costs		**(13,732)**	(13,819)
Royalties		**(22,078)**	(13,693)
Depreciation and amortisation	8, 9	**(97,223)**	(58,480)
Expenses associated with acquisitions	9	**(5,664)**	(681)
Other expenditure		**(6,417)**	(6,230)
Operating profit		**118,653**	59,198
Finance costs	8	**(3,754)**	(4,040)
Net realised/unrealised (losses)/gains on derivatives	9	**(5,400)**	13,471
Profit before income tax		**109,499**	68,629
Income tax benefit	9, 10	**20,731**	–
Profit after income tax for the year		**130,230**	68,629
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents per share)	36	**40.04**	21.05
Diluted earnings per share (cents per share)	36	**39.60**	20.94

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Notes	Consolidated	
		2012 $'000	2011 $'000
Profit for the year		**130,230**	68,629
Other comprehensive income			
Changes in fair value of available for sale financial assets	25(a)	**(96)**	–
Changes in fair value of cash flow hedges taken to reserves	25(a)	**(2,790)**	17,102
Income tax on other comprehensive income		**1,484**	–
Other comprehensive (loss)/income net of tax[(1)]		**(1,402)**	17,102
Total comprehensive profit attributable to equity holders of the company		**128,828**	85,731

(1) Other comprehensive income comprises items of income and expense that are recognised directly in reserves or equity. These items are not recognised in the Income Statement in accordance with the requirements of the relevant accounting standards. Total comprehensive profit comprises the result for the year adjusted for the other comprehensive income.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	Consolidated	
		2012 $'000	2011 $'000
Assets			
Current assets			
Cash and cash equivalents	11	**185,242**	79,485
Trade and other receivables	12	**13,795**	24,140
Inventories	13	**21,867**	17,858
Derivative financial assets	22	**87**	2,085
Available for sale financial assets	15	**154**	–
Deferred mining costs	14	**23,789**	12,934
Total current assets		**244,934**	136,502
Non-current assets			
Property, plant and equipment	17	**103,928**	105,750
Deferred mining costs	14	**5,917**	10,230
Mine properties	18	**289,647**	283,991
Exploration and evaluation	19	**15,474**	11,629
Derivative financial assets	22	**–**	282
Net deferred tax asset	10	**22,215**	–
Total non-current assets		**437,181**	411,882
Total assets		**682,115**	548,384
Liabilities			
Current liabilities			
Trade and other payables	20	**55,542**	49,366
Interest bearing borrowings	21	**3,043**	10,491
Derivative financial liabilities	22	**2,830**	–
Provisions	23	**10,824**	7,982
Total current liabilities		**72,239**	67,839
Non-current liabilities			
Interest bearing borrowings	21	**1,213**	1,581
Derivative financial liabilities	22	**13,547**	10,468
Provisions	23	**31,283**	32,149
Total non-current liabilities		**46,043**	44,198
Total liabilities		**118,282**	112,037
Net Assets		**563,833**	436,347
Equity			
Contributed equity	24	**613,275**	615,521
Reserves	25(a)	**(465)**	1,049
Accumulated losses	25(b)	**(48,977)**	(180,223)
Total equity		**563,833**	436,347

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes In Equity

For the year ended 30 June 2012

	Note	Contributed Equity $'000	Share Based Payments Reserve $'000	Gold Cash Flow Hedge Reserve $'000	Investment Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2011		**615,521**	**3,108**	**(2,059)**	**–**	**(180,223)**	**436,347**
Share buy back	24	**(2,246)**	**–**	**–**	**–**	**–**	**(2,246)**
Share-based payments expense	25(a)	**–**	**1,828**	**–**	**–**	**–**	**1,828**
Unlisted options not vested	25(a)	**–**	**(924)**	**–**	**–**	**–**	**(924)**
Unlisted options expired	25(a)	**–**	**(1,016)**	**–**	**–**	**1,016**	**–**
Comprehensive income for the year		**–**	**–**	**(1,335)**	**(67)**	**130,230**	**128,828**
Balance at 30 June 2012		**613,275**	**2,996**	**(3,394)**	**(67)**	**(48,977)**	**563,833**

	Note	Contributed Equity $'000	Share Based Payments Reserve $'000	Gold Cash Flow Hedge Reserve $'000	Investment Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2010		614,997	2,484	(19,161)	–	(248,852)	349,468
Share-based payments expense	25(a)	–	973	–	–	–	973
Unlisted options expired	25(a)	–	(104)	–	–	–	(104)
Unlisted options exercised	24(b)	524	(245)	–	–	–	279
Comprehensive income for the year		–	–	17,102	–	68,629	85,731
Balance at 30 June 2011		615,521	3,108	(2,059)	–	(180,223)	436,347

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 30 June 2012

	Notes	Consolidated 2012 $'000	2011 $'000 Restated
Cash Flows From Operating Activities:			
Receipts from customers (inclusive of GST)		**553,847**	354,397
Payments to suppliers and employees (inclusive of GST)		**(320,465)**	(241,716)(1)
Interest received		**5,555**	5,122
Interest paid		**(65)**	(37)
Payments for exploration		**(16,246)**	(13,284)
Finance charges – finance leases		**(278)**	(962)
Borrowing costs		**(521)**	(447)
Net cash inflow from operating activities	34	**221,827**	103,073
Cash Flows From Investing Activities:			
Proceeds from sale of property, plant and equipment		**68**	3,016
Transaction costs on sale of property, plant and equipment		**–**	(45)
Proceeds from sale of tenements		**–**	2,000
Payments for available for sale financial assets		**(250)**	–
Payments for property, plant and equipment		**(19,457)**	(12,207)
Payments for development of mining properties		**(80,757)**	(106,283)(1)
Exploration and evaluation expenditure – capitalised		**(4,575)**	(8,863)
Net cash outflow from investing activities		**(104,971)**	(122,382)
Cash Flows From Financing Activities:			
Proceeds from issue of shares on conversion of options		**–**	279
Proceeds from borrowings: – finance leases		**491**	1,552
– insurance premium funding		**2,736**	2,747
Buy back and redemption of convertible notes		**–**	(1,200)
Payments for share buy backs		**(2,239)**	–
Share buy back transaction costs		**(7)**	–
Movement in restricted cash		**–**	264
Movement in unclaimed monies		**(665)**	–
Principal repayments – finance leases		**(1,011)**	(982)
– equipment financing facility		**(7,860)**	(5,061)
– insurance premium funding		**(2,544)**	(962)
Net cash outflow from financing activities		**(11,099)**	(3,363)
Net increase/(decrease) in cash and cash equivalents		**105,757**	(22,672)
Cash and cash equivalents at the beginning of the year		**79,485**	102,157
Cash and cash equivalents at the end of the year	11	**185,242**	79,485

(1) During the year, the Group reclassified expenditures relating to deferred mining from investing to operating cash flows. This classification better reflects the nature of this expenditure which is amortised to operating costs on a level by level basis.

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Note 1 Summary of significant accounting policies

St Barbara Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group"), and the Group's interest in associates and jointly controlled entities. The Group is a for-profit entity primarily involved in the exploration for, and mining of, gold.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) BASIS OF PREPARATION

Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation in the current year. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 23 August 2012.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items:

- Derivative financial instruments are measured at fair value
- Share based payment arrangements are measured at fair value
- Available for sale assets are measured at fair value
- Rehabilitation provision is measured at net present value
- Long service leave provision is measured at net present value

Critical accounting estimates

The preparation of financial statements in conformity with AASB and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(B) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of St Barbara Limited (''Company'' or ''parent entity'') as at 30 June 2012 and the results of all subsidiaries for the year then ended. St Barbara Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control commences until the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost within the Parent Entity disclosures at Note 26.

(ii) Associates and jointly controlled entities

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of voting rights. An interest in an associate and a jointly controlled entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the Group's ownership interest, until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(iii) Jointly controlled operations and assets

Details of unincorporated joint ventures and jointly controlled assets are set out in Note 32.

Where material, the proportionate interests in the assets, liabilities and expenses of a joint venture activity are incorporated in the financial statements under the appropriate headings.

(C) SEGMENT REPORTING

A reportable segment is a component of the Group that engages in business activities from which it may earn revenues or incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results of all reportable segments are regularly reviewed by the Group's Executive Leadership Team ("ELT") to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available.

Segment results that are reported to the ELT include items directly attributable to a segment and those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and related depreciation, and corporate expenses.

Segment capital expenditure represents the total cost incurred during the year for mine development and acquisitions of property, plant and equipment.

Note 1 Summary of significant accounting policies cont.

(D) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is also St Barbara Limited's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in the income statement as part of the fair value gain or loss. Translation differences on non monetary financial assets, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

(E) REVENUE RECOGNITION

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties. The Group recognises revenue when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue can be reliably measured and the associated costs can be estimated reliably, and it is probable that future economic benefits will flow to the Group.

Revenue is recognised for the major business activities as follows:

(i) Product sales

Amounts are recognised as sales revenue when there has been a transfer of risk and rewards to a customer and selling prices are known or can be reasonably estimated.

Gains and losses, including premiums paid or received, in respect of forward sales, options and other deferred delivery arrangements, which hedge anticipated revenues from future production, are deferred and included in sales revenue when the hedged proceeds are received.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established

(iv) Gains on disposal of available-for-sale financial assets and property, plant and equipment

Revenue is recognised when the risks and rewards of ownership have been transferred, which is usually considered to occur on settlement.

(v) Third party toll treatment revenue

Toll treatment revenue represents revenue earned for processing third party ore through the Group's processing facilities. Revenue is recognised when the third party's product is in a form suitable for delivery, and no further processing is required by the Group, and there has been a transfer of risk to the third party.

(F) EXPLORATION AND EVALUATION/MINE PROPERTIES

(i) Exploration, evaluation and feasibility expenditure

All exploration and evaluation expenditure incurred up to establishment of reserves is expensed as incurred. From the point in time when reserves are established, exploration and evaluation expenditure is capitalised and carried forward in the financial statements, in respect of areas of interest for which the rights of tenure are current and where such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

Exploration and evaluation expenditure consists of an accumulation of acquisition costs and direct exploration and evaluation costs incurred, together with an allocation of directly related overhead expenditure.

Feasibility expenditure represents costs related to the preparation and completion of a feasibility study to enable a development decision to be made in relation to that area of interest. Feasibility expenditures are expensed as incurred until a decision has been made to develop the area of interest.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment policy, Note 1(j)). For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

When an area of interest is abandoned, or the Directors determine it is not commercial, accumulated costs in respect of that area are written off in the period the decision is made.

(ii) Mines under construction

Mine development expenditure is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes direct costs of construction, an appropriate allocation of overheads and borrowing costs capitalised during construction. Once a development decision has been taken, all capitalised exploration, evaluation and feasibility expenditure in respect of the area of interest is aggregated with the costs of construction and classified under non-current assets as mine development.

(iii) Mine development

Mine development expenditure represents the acquisition cost and/or accumulated exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced.

When further development expenditure is incurred in respect of a mine, after the commencement of production, such expenditure is carried forward as part of the mine development only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of production and expensed as incurred.

Note 1 Summary of significant accounting policies cont.

(F) EXPLORATION AND EVALUATION/MINE PROPERTIES cont

(iii) Mine development cont

Mine development costs are deferred until commercial production commences, at which time they are amortised on a unit-of-production basis over mineable reserves. The calculation of amortisation takes into account future costs which will be incurred to develop all the mineable reserves. Changes to mineable reserves are applied from the beginning of the reporting period and the amortisation charge is adjusted prospectively from the beginning of the period.

(G) DEFERRED MINING EXPENDITURE

Certain mining costs, principally those that relate to the stripping of waste and operating development in underground operations, which provide access so that future economically recoverable ore can be mined, are deferred in the statement of financial position as deferred mining costs.

(i) Underground operations

In underground operations mining occurs progressively on a level-by-level basis. In these operations an estimate is made of the life of level average underground mining cost per recoverable ounce to expense underground costs in the income statement. Underground mining costs in the period are deferred based on the metres developed for a particular level. Previously deferred underground mining costs are released to the income statement based on the recoverable ounces produced in a level multiplied by the life of level cost per recoverable ounce rate.

Grade control drilling is deferred to the statement of financial position on a level-by-level basis. These amounts are released to the income statement as ounces are produced from the related mining levels.

(ii) Open pit operations

The amount of mining costs deferred is based on the ratio obtained by dividing the waste tonnes mined by the quantity of gold ounces contained in the ore. Mining costs incurred in the period are deferred to the extent that the current period waste to contained gold ounce ratio exceeds the life of mine waste to ore ratio.

Deferred mining costs are then charged against reported earnings to the extent that, in subsequent periods, the ratio falls below the life of mine ratio. The life of mine ratio is based on economically recoverable reserves of the operation.

The life of mine ratio is a function of an individual mine's design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters may impact reserves, which will then impact the life of mine ratio. Changes to the life of mine ratio are accounted for prospectively.

In the production stage of some operations further development of the mine requires a phase of unusually high overburden removal activity that is similar in nature to pre-production mine development. The costs of such unusually high overburden removal are deferred and charged against earnings in subsequent periods on a unit-of-production basis.

(H) TAXES

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future;
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted of substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

Note 1 Summary of significant accounting policies cont.

(H) TAXES cont.

(ii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing or financing activities, which are recoverable from, or payable to, the taxation authority are classified as part of operating cash flows.

(I) LEASES

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at inception of the lease at the lower of the fair value of the leased property and the present value of the minimum future lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(J) IMPAIRMENT OF ASSETS

All asset values are reviewed at each reporting date to determine whether there have been any events or changes in circumstances that indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit exceeds the recoverable amount. Impairment losses are recognised in the income statement.

(K) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(L) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are usually due for settlement no more than 30 days from the date of recognition. Cash placed on deposit with a financial institution to secure bank guarantee facilities and restricted from use within the business is disclosed as trade and other receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(M) INVENTORIES

Raw materials and stores, ore stockpiles, work-in-progress and finished gold stocks are valued at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure relating to mining activities, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(N) INVESTMENTS AND OTHER FINANCIAL ASSETS

The Group classifies its investments and other financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Investments and other financial assets are recognised initially at fair value plus, for assets not at fair value through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, investments and other financial assets are measured as described below.

Note 1 Summary of significant accounting policies cont.

(N) INVESTMENTS AND OTHER FINANCIAL ASSETS cont

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading, which were acquired principally for the purpose of selling in the short term with the intention of making a profit. Derivatives are also categorised as held for trading, unless they are designated as hedges. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in the income statement. Attributable transaction costs are recognised in the income statement when incurred.

(ii) Available-for-sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non current assets, unless management intends to and can dispose of the investment within 12 months of the balance sheet date.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses, are recognised as a separate component of equity net of attributable tax. When an asset is de-recognised the cumulative gain or loss in equity is transferred to the income statement.

(O) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments may be held to protect against the Group's Australian dollar gold price risk exposures. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 22. Movements in the gold cash flow hedge reserve in shareholders' equity are shown in Note 25.

(i) Cash flow hedge

The fair value of gold option contracts comprises intrinsic value, that is, the extent to which the components of an option collar are in the money due to a gold forward price falling below or rising above the option strike prices, and time value.

The effective portion of changes in the intrinsic value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the gold cash flow hedge reserve. The gain or loss relating to the ineffective portion and time value is recognised immediately in the income statement.

Amounts accumulated in equity are recycled through the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast gold sale that is hedged takes place). The gain or loss relating to the effective portion of the financial instrument hedging Australian dollar gold sales is recognised in the income statement within 'net realised gains on derivatives'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(P) FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using generally accepted valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Note 1 Summary of significant accounting policies cont.

(Q) PROPERTY, PLANT AND EQUIPMENT

Buildings, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of assets is calculated using the straight line method to allocate the cost or revalued amounts, net of residual values, over their estimated useful lives, as follows:

– Buildings	10 – 15 years
– Plant and equipment	3 – 10 years
– Fixtures and fittings	10 – 15 years

Where the carrying value of an asset is less than its estimated residual value, no depreciation is charged. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(j)).

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These gains and losses are included in the income statement when realised.

(R) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which remains unpaid as at reporting date. The amounts are unsecured and are usually paid within 30 days from the end of the month of recognition.

(S) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

The fair value of the liability portion of convertible debt is determined using a market interest rate for an equivalent non-convertible debt. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the debt. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(T) BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognised as expenses in the period in which they are incurred.

(U) PROVISIONS

Provisions, including those for legal claims and rehabilitation and restoration costs, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has commenced or has been announced publicly. Future operating costs are not provided for.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(V) EMPLOYEE BENEFITS

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be paid within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, including expected on-costs, when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made, plus expected on-costs, in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted with reference to market yields on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 1 Summary of significant accounting policies cont.

(V) EMPLOYEE BENEFITS cont

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the St Barbara Limited Employees' Option Plan and the Performance Rights Plan. Information relating to these schemes is set out in Note 37.

The fair value of options granted under the St Barbara Limited Employees' Option Plan or rights granted under the Performance Rights Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or rights. The amount recognised is adjusted to reflect the actual number of share options not expected to vest, based on expectations of performance related conditions. Adjustments to the amount recognised at each reporting date are taken through the Income Statement.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Upon the exercise of options or rights, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(iv) Retirement benefit obligations

Contributions to defined contribution funds are recognised as an expense as they are due and become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group has no obligations in respect of defined benefit funds.

(v) Executive incentives

Senior executives may be eligible for Short Term Incentive payments ("STI") subject to achievement of Key Performance Indicators, as recommended by the Remuneration Committee and approved by the Board of Directors. The Group recognises a liability and an expense for STIs in the reporting period during which the service is provided by the employee.

(vi) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment.

(W) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the income statement and the consideration paid, including any directly attributable incremental costs, is recognised directly in equity.

(X) EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the reporting period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(Y) REHABILITATION AND MINE CLOSURE

The Group has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment and areas of disturbance during mining operations.

Under AASB 116 *Property, Plant and Equipment*, the cost of an asset must include any estimated costs of dismantling and removing the asset and restoring the site on which it is located. The capitalised rehabilitation and mine closure costs are depreciated (along with the other costs included in the asset) over the asset's useful life.

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* requires a provision to be made for the estimated cost of rehabilitation and restoration of areas disturbed during mining operations up to reporting date but not yet rehabilitated. Management judgments and estimates in relation to the rehabilitation provision are provided at Note 4(v). Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of contouring, topsoiling and re-vegetation to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Note 1 Summary of significant accounting policies cont.

(Y) REHABILITATION AND MINE CLOSURE cont

There is some uncertainty as to the amount of rehabilitation obligations that will be incurred due to the impact of changes in environmental legislation and many other factors, including future developments, changes in technology and price increases.

At each reporting date the rehabilitation liability is remeasured in line with changes in the timing and/or amounts of the costs to be incurred and discount rates. The liability is adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgments and estimates involved.

As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(Z) ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(AA) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are available for early adoption for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

Note 2 New Standards adopted

The Company has adopted the following new and/or revised Standards, Amendments and Interpretations from 1 July 2011:

- AASB 2010-4: *Amendments to Australian Accounting Standards – Annual Improvements Project (2010)*
- AASB 2011-1: *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*
- AASB 1054: *Australian Additional Disclosures*
- AASB 124: *Related Party Disclosures*
- AASB 2010-6: *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*

Adoption of the above Standards, Amendments and Interpretations did not have any effect on the financial position or performance of the Group.

Note 3 Financial risk management

This note presents information about each of the financial risks that the Group is exposed to, the policies and processes for measuring and managing financial risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Group's activities expose it to a variety of financial risk, being: market risk (especially gold price and exchange rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of commodity markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group may use derivative instruments as appropriate to manage certain risk exposures.

Risk management in relation to financial risk is carried out by a centralised treasury function in accordance with policies approved by the Board of Directors.

(A) MARKET RISK

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments, cash flows and financial position. The Group may enter into derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within guidelines set by the Board.

(i) Commodity price risk

The Group is exposed to Australian dollar gold price risk. This risk arises through the sale of gold.

The Group is managing commodity price risk in relation to the King of the Hills and Southern Cross operations by using a combination of gold put options and gold call options to create zero-cost option collar structures as described in (b) below.

(ii) Currency risk

The Group is exposed to currency risk on gold sales where the Australian dollar spot gold price is quoted as a function of US dollars and the prevailing exchange rate. The Group may from time to time use Australian dollar derivatives to manage the risks associated with the gold price and currency rates.

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's interest rate policy does not require a fixed and pre-determined proportion of its interest rate exposure to be hedged. Any decision to hedge interest rate risk will be assessed at the inception of each floating rate debt facility in relation to the overall Group exposure, the prevailing interest rate market, and any funding counterparty requirements.

Note 3 Financial risk management cont.

(B) CASH FLOW HEDGES

The Group may from time to time be party to derivative financial instruments in the normal course of business to protect future revenue from gold operations from a significant fall in the Australian dollar price of gold, in accordance with the Group's financial risk management policies.

(i) King of the Hills

During June 2010, the Company entered into a zero cost collar hedging facility for 250,000 ounces of gold over a five year period to manage Australian dollar gold price risk associated with the estimated production from the King of the Hills mine. The facility was fully drawn down by purchasing put options and selling call options over 250,000 ounces of gold (collar structure) with the following strikes:

- Bought put options at A$1,425/oz
- Sold call options at A$1,615/oz

During financial year 2012, 30,000 ounces of call options and 4,000 ounces of put options were exercised (2011: Call options – Nil exercised; Put options – 12,000 ounces exercised). 33,000 ounces of call options and 59,000 ounces of put options expired.

(ii) Southern Cross

In September 2011, the Company entered into a zero cost collar hedging facility for 100,000 ounces of gold over a twelve month period to manage Australian dollar gold price risk associated with the estimated production from the Southern Cross mine. The facility was fully drawn down by purchasing put options and selling call options over 100,000 ounces of gold (collar structure) with the following strikes:

- Bought put options at A$1,550/oz
- Sold call options at A$1,610/oz

During financial year 2012, 48,000 ounces of call options were exercised (2011: Nil). 80,000 ounces of put options and 32,000 ounces of call options expired.

The maturity profile of the put and call option contracts remaining as at 30 June 2012 is provided in the table below.

Strike Price	Total ounces	6 months or less ounces	6 – 12 months ounces	1 – 2 years ounces	2 – 5 years ounces
King of the Hills					
Put: A$1,425/oz	175,000	31,750	32,502	75,999	34,749
Call: A$1,615/oz	175,000	31,750	32,502	75,999	34,749
Southern Cross					
Put: A$1,550/oz	20,000	20,000	–	–	–
Call: A$1,610/oz	20,000	20,000	–	–	–

At the date of entering into each of the collar structures, the net fair value of the put and call options was zero dollars. At 30 June 2012, the fair value of all remaining put and call option contracts was negative $16,290,000 (June 2011: negative $8,101,000). $11,442,000 (June 2011: $6,042,000) of this negative fair value represents an unrealised loss related to time value of the 195,000 ounces outstanding at 30 June 2012 (June 2011: 238,000 ounces). A loss of $5,400,000 for the year ended 30 June 2012 was recognised in the income statement (2011: gain of $13,471,000). Included in this loss was a net realised gain of $702,000 (2011: gain of $525,000) which represented the unwinding of the unrealised mark-to-market loss previously recognised for options that were exercised or expired during the year (refer to note 1(o)). Unrealised losses of $3,054,000 relating to the intrinsic value of the options was recognised in the gold cash flow hedge reserve in equity during the year (2011: gains of $17,102,000), with a realised gain of $264,000 recognised in the reserve for options that were exercised or expired during the year.

The relationship between currencies, spot gold price and volatilities is complex and changes in the spot gold price can influence volatility, and vice versa.

Note 3 Financial risk management cont.

(B) CASH FLOW HEDGES cont.

The following table summarises the impact of a A$100 change in the Australian dollar gold price (all other variables held constant) on the valuation of the gold option fair values.

Gold Price Sensitivity	Impact on post-tax result(1)		Impact on gold cash flow hedge reserve net of tax(2)	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
+A$100 change in AUD spot price	**2,018**	(9,074)	**(11,532)**	(8,966)
–A$100 change in AUD spot price	**5,060**	9,074	**4,453**	8,966

(1) Represents the movement in time value (a positive movement represents a gain).
(2) Represents the movement in intrinsic value (a positive movement represents a gain).

(C) CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract. The Group is exposed to credit risk from its operating activities (primarily customer receivables) and from its financing activities, including deposits with banks and financial institutions and derivatives.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets, other than available for sale assets.

Credit risks related to receivables

The Group's most significant customer accounts for $3,599,000 of the trade receivables carrying amount at 30 June 2012 (2011: $13,770,000), representing receivables owing from gold sales. Settlement of the receivables relating to gold sales occurred on 3 July 2012. Based on historic rates of default, the Group believes that no impairment has occurred with respect to trade receivables, and none of the trade receivables at 30 June 2012 were past due.

Credit risks related to cash deposits and derivatives

Credit risk from balances with banks and financial institutions derivative counterparties is managed by the centralised Treasury function in accordance with Board approved policy. Investments of surplus funds are only made with approved counterparties (minimum Standard & Poor's credit rating of "AA-") and there is a financial limit on funds placed with any single counterparty.

Derivative transactions are only made with approved counterparties (minimum Standard & Poor's credit rating of "AA-"), and more than one counterparty is used when tranches of derivatives are entered into. Derivatives transactions cover only a small proportion of total Group production with maturities occurring over a period of time (refer Note 3(b)).

(D) CAPITAL MANAGEMENT

The Group's total capital is defined as total shareholders' funds plus net debt.

Consolidated capital	**2012 $'000**	2011 $'000
Total shareholders' funds	**563,833**	436,347
Borrowings	**4,256**	12,072
Cash and cash equivalents(1)	**(4,256)**	(12,072)
Total capital	**563,833**	436,347

(1) Cash and cash equivalents are included to the extent that the net debt position is nil.

The Group does not have a target debt/equity ratio. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements other than normal banking requirements.

Cash and cash equivalents does not include cash held on deposit with a financial institution as security for a bank guarantee facility totalling $123,000 (2011: $123,000) at the reporting date.

Note 3 Financial risk management cont.

(D) CAPITAL MANAGEMENT cont

The Company has a $25,000,000 performance bond facility with the National Australia Bank Limited (NAB) to provide security for performance obligations incurred in the ordinary course of business. The NAB facility does not require cash backing. Security is provided in the form of a fixed and floating charge over the Company's assets and mining tenements held by the Company. Under the terms of the NAB facility, there are a number of undertakings related to the performance of the Company, and non-compliance with these undertakings could constitute an event of default. Under the terms of the facility the Company has up to 90 days to remedy or rectify a non-compliance event in relation to the undertakings. In the year, and as at 30 June 2012, there were no events of default under the facility.

On 21 August 2009, the Company entered into a A$50,000,000 Equity Line standby facility from US-based investment fund YA Global. Under the terms of the facility St Barbara may, at its discretion, issue ordinary shares to YA Global at any time over a 60 month period up to a total of A$50,000,000. There has been no draw down under this facility.

(E) LIQUIDITY RISK

Prudent liquidity risk management requires maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Surplus funds are invested in instruments that are tradeable in highly liquid markets.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

			Maturity of financial liabilities – 2012			
$'000	Less than 6 months	6 – 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Finance lease liabilities	**597**	**549**	**1,065**	**–**	**2,211**	**2,280**
Insurance funding liability	**1,409**	**604**	**–**	**–**	**2,013**	**1,976**
Trade and other payables	**55,542**	**–**	**–**	**–**	**55,542**	**55,542**
Derivative financial liabilities[1]	**729**	**2,101**	**13,547**	**–**	**16,377**	**16,377**
	58,277	**3,254**	**14,612**	**–**	**76,143**	**76,175**

(1) Represents the mark-to-market valuation of the option collar structure, and does not represent a contractual cash flow. The mark-to-market valuations at 30 June 2012 will change over time as contracts mature, or with changes in the spot gold price and other option pricing variables.

			Maturity of financial liabilities – 2011			
$'000	Less than 6 months	6 – 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Finance lease liabilities	575	550	1,722	–	2,847	2,541
Equipment finance facility	8,023	–	–	–	8,023	7,860
Insurance funding liability	1,215	608	–	–	1,823	1,785
Trade and other payables	49,366	–	–	–	49,366	49,366
Derivative financial liabilities[1]	–	–	10,468	–	10,468	10,468
	59,179	1,158	12,190	–	72,527	72,020

(1) Represents the mark-to-market valuation of the option collar structure, and does not represent a contractual cash flow. The mark-to-market valuations at 30 June 2011 will change over time as contracts mature, or with changes in the spot gold price and other option pricing variables.

(F) FAIR VALUE ESTIMATION

On-Balance Sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates their carrying value. The net fair value of other monetary financial assets and financial liabilities is based upon market prices.

The fair value of the gold put and call options is as disclosed in Note 4(vii).

Note 3 Financial risk management cont.

(F) FAIR VALUE ESTIMATION cont

Fair values

The carrying amounts and the net fair values of financial assets and liabilities of the Group at balance date are:

	2012		2011	
	Carrying Amount $'000	**Net Fair Value $'000**	Carrying Amount $'000	Net Fair Value $'000
Financial assets				
– Cash and cash equivalents	**185,242**	**187,448**	79,485	81,083
– Restricted cash	**123**	**123**	123	123
– Receivables	**9,967**	**9,967**	20,454	20,454
– Available for sale financial assets	**154**	**154**	–	–
– Gold put and call options (zero cost collar)	**87**	**87**	2,367	2,367
	195,573	**197,779**	102,429	104,027
Financial liabilities				
– Payables	**55,542**	**55,542**	49,366	49,366
– Equipment financing facility	**–**	**–**	7,860	7,847
– Gold put and call options (zero cost collar)	**16,377**	**16,377**	10,468	10,468
– Other loans	**4,256**	**4,256**	4,326	4,326
	76,175	**76,175**	72,020	72,007

Note 4 Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions. Estimates and judgements are continually evaluated and are based on historical experience and on various other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is changed and in any future periods affected.

The Group has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made, and where actual results may differ from these estimates under different assumptions and conditions that could materially affect financial results or financial position reported in future periods.

(I) ORE RESERVE ESTIMATES

Reserves are estimates of the amount of gold product that can be economically extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long term commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgements and calculations to interpret the data.

The Group determines and reports ore reserves under the Australian Code for Reporting of Mineral Resources and Ore Reserves December 2004, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves. Due to the fact that economic assumptions used to estimate reserves change from period to period, and geological data is generated during the course of operations, estimates of reserves may change from period to period.

Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

- Asset carrying values may be impacted due to changes in estimated future cash flows.
- Depreciation and amortisation charged in the income statement may change where such charges are calculated using the units of production basis.
- Underground capital development and waste stripping costs deferred in the balance sheet or charged in the income statement may change due to a revision in the development amortisation rates and stripping ratios.
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Note 4 Critical Accounting Estimates and Judgements cont.

(II) UNITS OF PRODUCTION METHOD OF AMORTISATION

The Group applies the units of production method for amortisation of its life of mine specific assets, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves and resources, metallurgy and the complexity of future capital development requirements; changes to these estimates and assumptions will impact the amortisation charge in the income statement and asset carrying values.

(III) AMORTISATION OF UNDERGROUND OPERATING DEVELOPMENT

The Group applies the units of production method for amortisation of underground operating development. The amortisation rates are determined on a level-by-level basis. In underground operations an estimate is made of the life of level average underground mining cost per recoverable ounce to expense underground costs in the income statement. Underground mining costs in the period are deferred based on the metres developed for a particular level. Previously deferred underground mining costs are released to the income statement based on the recoverable ounces produced in a level multiplied by the life of level cost per recoverable ounce rate.

Grade control drilling is deferred to the statement of financial position on a level-by-level basis. These amounts are released to the income statement as ounces are produced from the related mining levels.

(IV) IMPAIRMENT OF ASSETS

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular assets that may lead to impairment. The recoverable amount of each Cash Generating Unit (CGU) is determined as the higher of value-in-use and fair value less costs to sell, in accordance with accounting policy 1(j). These calculations require the use of estimates, which have been outlined in accounting policy 1(j). Value-in-use is generally determined as the present value of the estimated future cash flows. Present values are determined using a risk adjusted discount rate appropriate to the risks inherent in the asset.

Given the nature of the Group's mining activities, future changes in assumptions upon which these estimates are based may give rise to a material adjustment to the carrying value of the CGU. This could lead to the recognition of impairment losses in the future. The inter-relationships of the significant assumptions upon which estimated future cash flows are based, however, are such that it is impracticable to disclose the extent of the possible effects of a change in a key assumption in isolation.

Future cash flow estimates are based on expected production volumes, the short and long term forecasts of the Australian dollar gold price, ore reserves, operating costs, future capital expenditure and restoration and rehabilitation costs. Management is required to make these estimates and assumptions, which are subject to risk and uncertainty. As a result there is a possibility that changes in circumstances will alter these projections, which could impact on the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be impaired, giving rise to an impairment charge in the income statement.

With respect to the impairment write off taken against the Group's Southern Cross CGU at 30 June 2012, value in use in relation to this CGU was determined by discounting the future cash flows generated from the continuing use of the operation and was based on the following key assumptions:

- Cash flows were projected based on the life of mine plan, which is predominantly based on ore reserves.
- Revenue was projected using a forecast gold price, which takes into consideration the prevailing spot price, and forward projections as at 30 June 2012.
- A pre-tax nominal discount rate of 11.26% based on the weighted average cost of capital.

The above estimates are particularly sensitive to a change in the gold price.

(V) EXPLORATION AND EVALUATION EXPENDITURE

As set out in Note 1(f) exploration and evaluation expenditure is capitalised where reserves have been established for an area of interest and it is considered likely to be recoverable from future exploitation or sale. The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the accounting policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the income statement.

(VI) REHABILITATION AND MINE CLOSURE PROVISIONS

As set out in Note 1(y), the value of these provisions represents the discounted value of the present obligation to restore, dismantle and rehabilitate each site. Significant judgement is required in determining the provisions for mine rehabilitation and closure as there are many transactions and other factors that will affect the ultimate costs necessary to rehabilitate the mine sites. The discounted value reflects a combination of management's best estimate of the cost of performing the work required, the timing of the cash flows and the discount rate.

A change in any, or a combination of, the key assumptions used to determine the provisions could have a material impact on the carrying value of the provisions (refer to Note 23). The provision recognised for each site is reviewed at each reporting date and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the balance sheet by adjusting both the restoration and rehabilitation asset and provision.

Note 4 Critical Accounting Estimates and Judgements cont.

(VI) REHABILITATION AND MINE CLOSURE PROVISIONS cont.

In estimating the rehabilitation provision at 30 June 2012, the following assumptions were made:

- Timing of rehabilitation outflows was based on the life of mine plan of each operation, with the rehabilitation of legacy areas of disturbance scheduled accordingly.
- Mine demolition costs are estimated on the basis of the expected mine life of each operation. Costs are adjusted for potential receipts through the sale of scrap metal.
- Inflation is not applied to cost estimates.
- A pre-tax real discount rate of 8.25% based on the risks specific to the liability.

(VII) DEFERRED TAX

During the year, $35,432,000 of previously unbooked tax losses were utilised against taxable profit for the year. At 30 June 2012 the Group recognised $20,731,000 of previously unbooked tax losses on the basis that it is probable that future taxable profits will be available against which these losses will be generated. Estimates of future taxable profits are based on forecast cash flows from operations.

(VIII) DERIVATIVE FINANCIAL INSTRUMENTS

The Group assesses the fair value of its gold bought put and sold call options (the "collar structure") at each reporting date.

At 30 June 2012, the fair value of the collar structure was negative $16,290,000. Refer to Note 3(b) for details of the impact fair value movements have on the financial statements.

Fair values have been determined using a 'Level 2' valuation method involving the use of a generally accepted option valuation model: inputs are based on market observable data for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices), at the reporting date and compared with valuations provided by the counterparties to the collar structure. These calculations require the use of estimates and assumptions. Any changes in assumptions in relation to gold prices and volatilities could have a material impact on the fair valuation attributable to the gold collar structure at the reporting date. When these assumptions change in the future the differences will impact the gold cash flow hedge reserve and/or income statement in the period in which the change occurs.

(IX) SHARE BASED PAYMENTS

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using an option pricing model, using the assumptions detailed in Note 37.

Where the vesting of share based payments contain market conditions, in estimating the fair value of the equity instruments issued, the Group assesses the probability of the market conditions being met, and therefore the probability of fair value vesting, by undertaking a Monte-Carlo simulation. The simulation performs sensitivity analysis on key assumptions in order to determine potential compliance with the market performance conditions. The simulation specifically performs sensitivity analysis on share price volatility based on the historical volatility for St Barbara Limited and the peer group companies. The results of the Monte-Carlo simulation are not intended to represent actual results, but are used as an estimation tool by management to assist in arriving at the judgment of probability.

Note 5 Segment Information

The Group has two operational business units: Leonora Operations and Southern Cross Operations. The operational business units are managed separately due to their separate geographic regions.

The Leonora Operations comprise two reportable segments: the Gwalia and King of the Hills underground mines. The results of both mines are reviewed regularly by the Group's Executive Leadership Team, in particular production, cost per ounce and capital expenditures. Additionally, the revenue earned by each reportable segment exceeds 10 per cent of the Group's consolidated revenue. The ore mined at the King of the Hills underground mine is processed through the Gwalia processing plant. The mine operating costs reported for King of the Hills includes an allocation of processing costs based on the tonnes of ore processed.

The King of the Hills mine was added as a reportable segment in the year to 30 June 2012 as the Executive Leadership Team commenced reviewing this as a standalone segment from 1 July 2011 following commencement of production at King of the Hills.

Information regarding the operations of each reportable segment is included below. Performance is measured based on segment profit before income tax, as this is deemed to be the most relevant in assessing performance after taking into account factors such as cost per ounce of production.

Note 5 Segment Information cont.

	Gwalia		King of the Hills		Southern Cross		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Revenue	**292,197**	184,996	**92,199**	10,207	**156,793**	167,794	**541,189**	362,997
Mine operating costs	**(110,542)**	(98,999)	**(41,562)**	(4,874)	**(116,773)**	(104,148)	**(268,877)**	(208,021)
Gross profit	**181,655**	85,997	**50,637**	5,333	**40,020**	63,646	**272,312**	154,976
Royalties	**(11,841)**	(7,075)	**(3,684)**	(312)	**(6,553)**	(6,306)	**(22,078)**	(13,693)
Depreciation and amortisation	**(45,200)**	(35,092)	**(17,168)**	(2,107)	**(33,824)**	(20,443)	**(96,192)**	(57,642)
Reportable segment profit/ (loss) before income tax	**124,614**	43,830	**29,785**	2,914	**(357)**	36,897	**154,042**	83,641
Capital expenditure	**(54,355)**	(54,489)	**(28,245)**	(33,760)	**(14,185)**	(29,577)	**(96,785)**	(117,826)
Reportable segment assets	**375,238**	352,344	**50,699**	35,958	**22,877**	43,664	**448,814**	431,966

Major Customer

Major customers to whom the Group provides goods that are more than 10% of external revenue are as follows:

	Revenue		% of external revenue	
	2012 $'000	2011 $'000	**2012 %**	2011 %
Customer A	**176,794**	151,692	**32.6**	42.2
Customer B	**137,243**	76,729	**25.4**	21.3
Customer C	**104,529**	92,009	**19.3**	25.6
Customer D	**101,607**	–	**18.8**	–
Customer E	**21,016**	39,145	**3.9**	10.9

Reconciliation of reportable segment revenues, profit, assets, and other material items:

	Consolidated	
	2012 $'000	2011 $'000
Revenues		
Total revenue for reportable segments	**541,189**	362,997
Other revenue	**6,779**	5,960
Consolidated revenue	**547,968**	368,957
Profit		
Total profit for reportable segments	**154,042**	83,641
Other income and revenue	**7,701**	8,446
Exploration expensed	**(16,246)**	(13,284)
Unallocated depreciation and amortisation	**(1,031)**	(838)
Finance costs	**(3,754)**	(4,040)
Net fair value movements on gold options	**(5,400)**	13,471
Net proceeds from sale of tenement rights	**–**	1,963
Corporate and support costs	**(13,732)**	(13,819)
Expenditure associated with acquisitions	**(5,664)**	(681)
Other corporate expenses	**(6,417)**	(6,230)
Consolidated profit before income tax	**109,499**	68,629

Note 5 Segment Information cont.

	Consolidated	
	2012 $'000	2011 $'000
Assets		
Total assets for reportable segments	**448,814**	431,966
Cash and cash equivalents	**185,242**	79,485
Trade and other receivables	**13,795**	24,140
Available for sale financial assets	**154**	–
Capitalised borrowing costs	**7,172**	7,912
Derivative financial assets	**87**	2,367
Net deferred tax assets	**22,215**	–
Other assets	**4,636**	2,514
Consolidated total assets	**682,115**	548,384

	Year ended 30 June 2012		
	Reportable segment totals	**Unallocated**	**Consolidated totals**
Other material items			
Mine operating costs	**(268,877)**	**–**	**(268,877)**
Depreciation and amortisation	**(96,192)**	**(1,031)**	**(97,223)**

	Year ended 30 June 2011		
	Reportable segment totals	Unallocated	Consolidated totals
Other material items			
Mine operating costs	(208,021)	–	(208,021)
Depreciation and amortisation	(57,642)	(838)	(58,480)

Note 6 Revenue

	Consolidated	
	2012 $'000	2011 $'000
Sales revenue – continuing operations		
Sale of gold	**538,411**	357,484
Sale of silver	**2,778**	2,091
	541,189	359,575
Other revenue		
Interest revenue	**6,442**	5,611
Sub-lease rental	**337**	349
Third party revenue – ore processing	**–**	3,422
	6,779	9,382
Total revenue	**547,968**	368,957

Note 7 Other income

	Consolidated	
	2012 $'000	2011 $'000
Profit on sale of assets	**67**	1,224
Proceeds from sale of tenement rights	**–**	1,963
Other	**855**	1,262
	922	4,449

Note 8 Expenses

	Consolidated	
	2012 $'000	2011 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	**1,607**	1,067
Plant and equipment	**15,313**	15,213
Impairment write-offs	**3,901**	–
	20,821	16,280
Amortisation		
Mine development costs	**72,638**	41,085
Capitalised borrowing costs	**854**	702
Plant/equipment finance leases	**457**	413
Impairment write-offs	**2,453**	–
	76,402	42,200
Total depreciation & amortisation	**97,223**	58,480
Finance Costs		
Interest paid/payable	**448**	378
Borrowing costs	**138**	99
Finance lease interest	**278**	962
Provisions: unwinding of discount	**2,890**	2,601
	3,754	4,040
Employee related expenses		
Contributions to defined contribution superannuation funds	**2,985**	2,543
Termination payments	**403**	420
Equity settled share-based payments (note 25(a))	**904**	973
	4,292	3,936
Rental expense relating to operating leases		
Lease payments	**802**	873

Note 9 Significant items

Significant items are those items where their nature or amount is considered material to the financial report. Such items included within the consolidated results for the year are detailed below.

	Consolidated	
	2012 $'000	2011 $'000
Included within net realised/unrealised gains/(losses) on derivatives		
Net unrealised (loss)/gain on gold cash flow hedges(1)	**(6,102)**	12,946
Realised gain on gold cash flow hedges(1)	**702**	525
	(5,400)	13,471
Expenses associated with acquisitions(2)	**(5,664)**	–
Southern Cross asset write down(3)		
Included within mine operating costs – deferred operating development	**(3,865)**	–
Included within depreciation and amortisation	**(6,354)**	–
	(10,219)	–
Income tax benefit(4)	**20,731**	–
Included within Other Expenditure		
Native title payments	**–**	(2,400)
	–	(2,400)
Included within Other Income		
Profit on sale of Tarmoola processing plant	**–**	1,164
Proceeds from sale of tenement rights	**–**	1,963
	–	3,127
Total significant items	**(552)**	14,198

(1) *Net realised/unrealised (loss)/gain on gold cash flow hedges*
At 30 June 2012 the mark-to-market value of the Company's gold put and call options (collar structure) was negative $16,290,000 (June 2011: negative $8,101,000). The put and call options at 30 June 2012 represent price protection for 175,000 ounces of King of the Hills production, and 20,000 ounces for Southern Cross production (June 2011: King of the Hills: 238,000 ounces; Southern Cross: nil ounces). In accordance with accounting standards the net unrealised loss, representing the movement in the time value of the gold options during the year, amounting to $6,102,000, was recognised in the income statement (2011: unrealised gain of $12,946,000). The net realised gain of $702,000 represents the unwinding of the unrealised mark-to-market loss previously recognised for gold options that were exercised or expired during the year (2011: realised gain of $525,000). The unrealised loss related to the movement in the intrinsic value of the gold options in the year of $3,054,000 (2011: gain of $17,102,000) was recognised in the gold cash flow hedge reserve in equity, with a realised gain of $264,000 recognised in the reserve for options that were exercised or expired during the year. Over time, unrealised losses on the gold options recognised in the income statement will reverse either through a change in the mark-to-market value of the options or maturity of the contracts.

(2) *Expenses associated with acquisitions*
During the year, the Company engaged various consultants to assist with completing due diligence and in making an offer for Allied Gold (refer Note 33 for further details of the proposed Allied Gold transaction). In the prior year, these expenses were not reported as a significant item on the basis that the amount was not material.

(3) *Southern Cross asset write-down*
Based on an assessment of the Southern Cross operations cash generating unit ("CGU") at 30 June 2012, an impairment write down was taken against assets of the CGU. While the Southern Cross operations are expected to generate positive net cash flows in the remaining period to closure, the cash flow estimates no longer support the full recovery of the carrying value of the Southern Cross CGU assets, including deferred mine operating development expenditure disclosed in mine operating costs in the Income Statement ($3,865,000); and capitalised mine development expenditure ($1,723,000), plant and equipment ($3,901,000) and capitalised exploration and evaluation expenditure ($730,000) all disclosed in depreciation and amortisation in the Income Statement.

(4) *Income tax benefit*
At 30 June 2011, the Group had unbooked tax losses of $182,258,000 (before tax effect) – these losses were not booked as it was not probable at that time that future taxable profits would be generated to utilise these losses. At 30 June 2012, based on current operational forecasts, it is now probable that future taxable profits will be generated to utilise the Group's tax losses. The credit of $20,731,000 recognised as an income tax benefit represents the booking of the tax effect of remaining losses at 30 June 2012 which were not previously booked.

Note 10 Income tax expense

(A) INCOME TAX EXPENSE

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Current tax expense		**35,432**	20,479
Deferred income tax benefit		**(56,163)**	(20,479)
Total	9	**(20,731)**	–

(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE/(BENEFIT) TO PRIMA FACIE TAX PAYABLE

	Consolidated 2012 $'000	Consolidated 2011 $'000
Profit before income tax benefit	**109,499**	68,629
Tax at the Australian tax rate of 30%	**32,850**	20,589
Tax effect of amounts not deductible/(taxable) in calculating taxable income:		
Legal and other capital expenditure	**636**	(382)
Equity settled share based payments	**271**	263
Transaction costs treated as capital cost base	**1,576**	–
Sundry items	**99**	9
Utilisation of previously unbooked tax losses	**(35,432)**	(8,273)
Recognition of previously unbooked tax losses	**(20,731)**	–
Change in previously unrecognised temporary differences	**–**	(12,206)
Income tax benefit	**(20,731)**	–

(C) DEFERRED TAX BALANCE

	Consolidated 2012 $'000	Consolidated 2011 $'000
Deferred tax liabilities		
Accrued income	**543**	464
Mining properties – exploration	**23,470**	20,529
Mining properties – development	**176,194**	178,460
Consumables	**10,418**	9,711
Capitalised convertible notes costs	**7,172**	7,911
Total	**217,797**	217,075
Tax effect @ 30%	**65,339**	65,123
Deferred tax assets		
Tax losses	**227,897**	342,689
Tax losses not booked	**–**	(182,258)
Provisions and accruals	**43,459**	41,416
Hedges at fair value	**16,290**	8,101
Investments at fair value	**96**	–
Tax assets without a carrying amount	**4,104**	7,127
Total	**291,846**	217,075
Tax effect @ 30%	**87,554**	65,123
Net deferred tax asset	**22,215**	–

Note 11 Cash and cash equivalents

	Consolidated	
	2012 $'000	2011 $'000
Cash at bank and on hand	**23,442**	4,485
Term deposits	**161,800**	75,000
	185,242	79,485

(A) CASH AT BANK AND ON HAND

Cash at bank at 30 June 2012 invested "at call" was earning interest at an average rate of 3.82% per annum (2011: 4.90% per annum).

(B) DEPOSITS

The deposits at 30 June 2012 were earning interest at rates of between 4.04% and 5.92% per annum (2011: rates of between 6.00% and 6.23% per annum). While term deposits are invested for defined periods, all deposits can be immediately accessed. At 30 June 2012, the average time to maturity was 41 days (2011: 68 days), with $10,000,000 maturing between 90 to 180 days (2011: $36,000,000) from balance date.

Note 12 Trade and other receivables

	Consolidated	
	2012 $'000	2011 $'000
Current assets		
Trade receivables	**3,646**	15,199
Other receivables	**6,321**	5,255
Restricted cash[(1)]	**123**	123
Prepayments	**3,705**	3,563
	13,795	24,140

(1) Restricted cash at 30 June 2012 is cash placed on deposit to secure five bank guarantees in respect of obligations entered into for environmental performance bonds issued in favour of the Western Australian Department of Industry and Resources. These deposits earned interest at an average interest rate of 3.45%.

(A) EFFECTIVE INTEREST RATES AND CREDIT RISK

Information concerning the effective interest rate and credit risk of receivables is set out in Note 3 and Note 16.

Note 13 Inventories

	Consolidated	
	2012 $'000	2011 $'000
Consumables	**10,418**	9,711
Ore stockpiles	**760**	723
Gold in circuit	**10,689**	6,407
Bullion on hand	**–**	1,017
	21,867	17,858

(A) LOWER OF COST AND NET REALISABLE VALUE

At 30 June 2012, all categories of inventory were valued at cost (2011: all categories at cost).

Note 14 Deferred mining costs

	Consolidated	
	2012 $'000	2011 $'000
Current		
Deferred operating mine development	**23,789**	12,934
Non-current		
Deferred operating mine development	**5,917**	10,230

Note 15 Available-for-sale financial assets

	Consolidated	
	2012 $'000	2011 $'000
Current		
At beginning of year	**–**	–
Additions	**250**	–
Revaluation loss taken to equity	**(96)**	–
	154	–

(A) LISTED SECURITIES

Available-for-sale financial assets as at 30 June 2012 consisted of companies listed on the Australian Securities Exchange.

Note 16 Financial instruments

(A) CREDIT RISK EXPOSURES

Refer Note 3 for the Group's exposure to credit risk.

(B) INTEREST RATE RISK EXPOSURES

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity.

2012		Fixed Interest Maturing in			
Financial assets	**Floating Interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**Non- interest bearing $'000**	**Total $'000**
Cash and cash equivalents	**23,442**	**161,800**	**–**	**–**	**185,242**
Restricted cash and cash equivalents	**123**	**–**	**–**	**–**	**123**
Receivables	**–**	**–**	**–**	**9,967**	**9,967**
Available for sale financial assets	**–**	**–**	**–**	**154**	**154**
Gold put and call options	**–**	**–**	**–**	**87**	**87**
	23,565	**161,800**	**–**	**10,208**	**195,573**
Weighted average interest rate	**3.78%**	**5.48%**			
Financial liabilities					
Trade and other payables	**–**	**–**	**–**	**55,542**	**55,542**
Finance lease liabilities	**–**	**1,024**	**992**	**264**	**2,280**
Gold put and call options	**–**	**–**	**–**	**16,377**	**16,377**
Insurance premium funding	**–**	**1,976**	**–**	**–**	**1,976**
	–	**3,000**	**992**	**72,183**	**76,175**
Weighted average interest rate		**5.93%**	**7.59%**		
Net financial assets/(liabilities)	**23,565**	**158,800**	**(992)**	**(61,975)**	**119,398**

Note 16 Financial Instruments cont.

(B) INTEREST RATE RISK EXPOSURES cont.

2011		Fixed Interest Maturing in			
Financial assets	Floating Interest rate $'000	1 year or less $'000	Over 1 to 5 years $'000	Non- interest bearing $'000	Total $'000
Cash and cash equivalents	4,485	75,000	–	–	79,485
Restricted cash and cash equivalents	123	–	–	–	123
Receivables	–	–	–	20,454	20,454
Gold put and call options	–	–	–	2,367	2,367
	4,608	75,000	–	22,821	102,429
Weighted average interest rate	4.89%	6.12%			
Financial liabilities					
Trade and other payables	–	–	–	49,366	49,366
Finance lease liabilities	–	954	1,581	6	2,541
Equipment financing facility	7,860	–	–	–	7,860
Gold put and call options	–	–	–	10,468	10,468
Insurance premium funding	–	1,785	–	–	1,785
	7,860	2,739	1,581	59,840	72,020
Weighted average interest rate	7.73%	5.97%	7.52%		
Net financial assets/(liabilities)	(3,252)	72,261	(1,581)	(37,019)	30,409

Note 17 Property, plant and equipment

	Consolidated	
	2012 $'000	2011 $'000
Non-current		
Land	**1,093**	1,093
Housing and site buildings	**21,626**	17,870
Plant and equipment	**145,215**	129,520
Accumulated depreciation and impairment	**(64,006)**	(42,733)
	103,928	105,750

Note 17 Property, plant and equipment cont.

Reconciliation of the carrying amounts for each class of property, plant and equipment is set out below:

	Consolidated	
	2012 $'000	2011 $'000
Land	**1,093**	1,093
Housing and site buildings		
At the beginning of the year	**15,163**	16,230
Additions	**3,756**	–
Depreciation	**(1,607)**	(1,067)
At the end of the year	**17,312**	15,163
Plant and equipment		
At the beginning of the year	**89,494**	94,773
Additions	**15,701**	12,176
Disposals	**(1)**	(1,829)
Depreciation	**(15,770)**	(15,626)
Assets written off	**(3,901)**	–
At the end of the year	**85,523**	89,494
Total	**103,928**	105,750

(A) SECURITY

As at 30 June 2012, plant and equipment with a carrying value of $1,997,000 (2011: $31,909,000) was pledged as security for finance leases (Note 21).

In accordance with the security arrangements in relation to commercial banking facilities, all remaining assets of the Group have been pledged as security to the National Australia Bank Limited and Barclays Bank PLC for performance bond and hedging facilities.

Note 18 Mine properties

	Consolidated	
	2012 $'000	2011 $'000
Non-current		
Mine Properties – development		
At beginning of the year	**283,991**	216,530
Direct expenditure	**80,757**	106,312
Transferred from exploration and evaluation	**–**	2,844
Amortisation for the year	**(73,378)**	(41,695)
Mine development written off	**(1,723)**	–
At end of the year	**289,647**	283,991

Note 19 Exploration and evaluation

	Consolidated	
	2012 $'000	2011 $'000
Non-current		
Exploration and evaluation		
At beginning of the year	**11,629**	5,735
Tenements written off	**–**	(125)
Expenditure capitalised for the year	**4,575**	8,863
Transferred to mine properties	**–**	(2,844)
Exploration and evaluation written off	**(730)**	–
At end of the year	**15,474**	11,629

Note 20 Trade and other payables

	Consolidated	
	2012 $'000	2011 $'000
Current		
Trade payables	**54,434**	47,397
Other payables	**1,108**	1,969
	55,542	49,366

Note 21 Interest bearing borrowings

	Consolidated	
	2012 $'000	2011 $'000
Current		
Secured		
Lease liabilities (Note 29)	**1,067**	960
Equipment finance facility (Note 29)	**–**	7,860
Transaction costs	**–**	(114)
	1,067	8,706
Unsecured		
Insurance premium funding	**1,976**	1,785
Total current	**3,043**	10,491
Non-current		
Secured		
Lease liabilities (Note 29)	**1,213**	1,581
Total non-current	**1,213**	1,581

(A) INTEREST RATE RISK EXPOSURES

Details of the Group's exposure to interest rate changes on borrowings are set out in Note 16.

(B) EQUIPMENT FINANCE FACILITY

In August 2011, the Company repaid the remaining amount owing on the equipment facility held with GE Commercial Finance.

Note 21 Interest bearing borrowings cont.

(C) SET-OFF OF ASSETS AND LIABILITIES

The parent entity has established a legal right of set-off with a financial institution over cash on deposit to secure the issue of bank guarantees for the purpose of environmental performance bonds. At 30 June 2012 restricted cash for this purpose amounted to $123,000 (2011: $123,000).

Note 22 Derivative financial assets and liabilities

	Consolidated	
	2012 $'000	2011 $'000
Current assets		
Fair value of gold option collar	**87**	2,085
Non-current assets		
Fair value of gold option collar	**–**	282
Current liabilities		
Fair value of gold option collar	**2,830**	–
Non-current liabilities		
Fair value of gold option collar	**13,547**	10,468

(A) INSTRUMENTS USED BY THE GROUP

Refer to Note 3 'Financial Risk Management' for details on instruments used by the Group.

(B) ESTIMATION OF CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

In estimating the fair value of the gold option collars at each reporting date, the Group obtains an independent valuation of each option tranche within each collar. The valuation is performed using a generally accepted option valuation model where inputs are based on market observable data for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Each tranche is then classified as a current or non-current asset or liability accordingly.

Note 23 Provisions

	Consolidated	
	2012 $'000	2011 $'000
Current		
Employee benefits – annual leave	**2,569**	2,244
Employee benefits – long service leave	**1,583**	1,056
Employee benefits – other	**2,078**	890
Provision for rehabilitation	**3,694**	3,643
Other provisions	**900**	149
	10,824	7,982
Non-current		
Provision for rehabilitation	**30,071**	30,888
Employee benefits – long service leave	**1,212**	1,261
	31,283	32,149

Note 23 Provisions cont.

MOVEMENTS IN PROVISIONS

	Consolidated	
	2012 $'000	2011 $'000
Rehabilitation		
Balance at start of year	**34,531**	32,474
Unwinding of discount	**2,890**	2,601
Expenditure incurred	**(3,656)**	(544)
Balance at end of year	**33,765**	34,531

Note 24 Contributed equity

(A) SHARE CAPITAL

	Parent entity		Parent entity	
	2012 Shares	2011 Shares	**2012 $'000**	2011 $'000
Ordinary shares – fully paid	**324,620,389**	325,615,389	**613,275**	615,521

(B) MOVEMENTS IN ORDINARY SHARE CAPITAL:

Date	Details	Notes	Number of shares	Issue price ($/share)	$'000
1 July 2010			1,952,668,407		614,997
Plus	Shares issued on exercise of options	(i)	1,000,000	0.28	279
	Transfer of Option Reserve on conversion of options	(ii)			245
	Shares on issue prior to consolidation		1,953,668,407		–
	Shares on issue following share consolidation	(iii)	325,615,389		–
30 Jun 2011			325,615,389		615,521
Less	Share buybacks	(iv)	(995,000)	2.25	(2,239)
	Share buyback transaction costs				(7)
30 Jun 2012	Closing balance		324,620,389		613,275

(i) Shares issued on exercise of unlisted options held by executives and employees.
(ii) Transfer of the fair value in the Share Based Payment Reserve relating to the options exercised at (i).
(iii) On 18 November 2010 shareholders approved a share consolidation of six existing shares for one new share of the Company's issued capital.
(iv) Pursuant to the on-market share buy-back facility announced on 21 December 2011, the Company bought back 995,000 shares during February and March 2012.

(C) ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(D) OPTIONS AND PERFORMANCE RIGHTS

Information relating to the St Barbara Employee Option Plan and Performance Rights Plan, including details of options and rights issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 37.

Note 25 Reserves and accumulated losses

(A) RESERVES

	Consolidated	
	2012 $'000	2011 $'000
Reserves		
Share based payments reserve	**2,996**	3,108
Investment fair value reserve	**(67)**	–
Gold cash flow hedge reserve	**(3,394)**	(2,059)
	(465)	1,049
Share based payments reserve		
Balance at start of year	**3,108**	2,484
Option/performance rights expense	**1,828**	973
Options exercised	**–**	(245)
Options expired and transferred to retained earnings	**(1,016)**	–
Options not vesting	**(924)**	(104)
Balance at end of year	**2,996**	3,108
Investments fair value reserve		
Balance at start of year	**–**	–
Fair value adjustment	**(96)**	–
Tax effect of fair value adjustments	**29**	–
Balance at end of year	**(67)**	–
Gold cash flow hedge reserve		
Balance at start of year	**(2,059)**	(19,161)
Options exercised/expired	**264**	–
Fair value adjustments	**(3,054)**	17,102
Tax effect of fair value movements	**1,455**	–
Balance at end of year	**(3,394)**	(2,059)

(B) ACCUMULATED LOSSES

Movements in accumulated losses were as follows:

	Consolidated	
	2012 $'000	2011 $'000
Balance at start of year	**(180,223)**	(248,852)
Profit attributable to members of the Company	**130,230**	68,629
Transferred from share based payment reserve	**1,016**	–
Balance at end of year	**(48,977)**	(180,223)

(C) SHARE BASED PAYMENTS RESERVE

The share based payments reserve is used to recognise the fair value of options and rights issued to executives and employees but not exercised.

$1,016,000 previously recognised in the share based payments reserve in respect of 416,668 options, which expired during the year was transferred to accumulated losses. Accounting standards preclude the reversal through the Income Statement of amounts which have been booked in the share based payments reserve for options which have previously vested but subsequently expire.

Note 25 Reserves and accumulated losses cont.

(D) GOLD CASH FLOW HEDGE RESERVE

At each balance sheet date, a mark-to-market valuation of the Group's gold bought put options and sold call options (the "collar structure") is performed. Where the hedge is effective, changes in fair value relating to the intrinsic portion of the valuation are recognised in the gold cash flow hedge reserve. If the underlying options expire, the reserve relating to the expired options reverses against the derivatives liability.

Note 26 Parent Entity disclosures

As at, and throughout, the financial year ended 30 June 2012, the parent company of the Group was St Barbara Limited.

(A) FINANCIAL STATEMENTS

	Parent Entity	
	2012 $'000	2011 $'000
Results of the parent entity		
Profit for the year	**130,230**	68,629
Other comprehensive income	**(1,402)**	17,102
Total comprehensive income for the year	**128,828**	85,731

Other comprehensive income is set out in the Consolidated Statement of Comprehensive Income.

	Parent Entity	
	2012 $'000	2011 $'000
Financial position of the parent entity at year end		
Current assets	**244,936**	136,504
Total assets	**682,295**	548,564
Current liabilities	**83,640**	79,240
Total liabilities	**129,683**	123,438
Total equity of the parent entity comprising of:		
Share capital	**613,275**	615,521
Share based payments reserve	**2,996**	3,108
Investment fair value reserve	**(67)**	–
Gold cash flow hedge reserve	**(3,394)**	(2,059)
Accumulated losses	**(60,198)**	(191,444)
Total equity	**552,612**	425,126

(B) PARENT ENTITY CONTINGENCIES

The parent entity had no contingent liabilities at 30 June 2012.

(C) PARENT ENTITY GUARANTEES

Refer Note 28 for details of bank guarantees issued by the parent entity.

(D) PARENT ENTITY CAPITAL COMMITMENTS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Company	
	2012 $'000	2011 $'000
Contracted but not yet provided for and payable		
Within one year	**–**	–

Note 27 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2012 $'000	2011 $'000
(A) ASSURANCE SERVICES		
Audit and audit related services		
KPMG Australian firm		
Audit and review of financial reports	**261**	245
Audit and review of financial controls	**–**	120
Total remuneration for audit and audit related services	**261**	365
(B) NON-AUDIT SERVICES		
KPMG Australian firm		
Financial and accounting due diligence services	**495**	–
Total remuneration for non-audit services	**495**	–

Note 28 Contingencies

(A) CONTINGENT LIABILITIES AND ASSETS

The Company and consolidated entity had no contingent liabilities at 30 June 2012.

(B) BANK GUARANTEES

The Group has negotiated bank guarantees in favour of various government authorities and service providers. The total of these guarantees at 30 June 2012 was $20,608,000 (2011: $20,716,000). Security is provided to the National Australia Bank Limited ("NAB") (refer to Note 17) for $20,485,000 of this amount through a fixed and floating charge over the Group's assets. Cash held on deposit with the Commonwealth Bank of Australia secures the remaining $123,000 as at 30 June 2012 (refer to Note 12).

Under the terms of the NAB facility, there are a number of undertakings related to the performance of the Company. Non compliance with these undertakings could constitute an event of default. In the year, and as at 30 June 2012, there were no events of default under the facility.

(C) GOLD BOUGHT PUT AND SOLD CALL OPTIONS

In the 2011 financial year, the Company negotiated a 250,000 ounce zero cost collar hedge facility with National Australia Bank Limited (NAB) and Barclays Bank PLC ("Barclays") to provide price protection for production from King of the Hills. In August 2011, the Company negotiated a 100,000 ounce zero cost collar hedge facility with NAB and Barclays to provide price protection for production from Southern Cross. Refer to Note 3 for details of ounces exercised/expired during the year, and ounces remaining under these facilities.

Security is provided to NAB and Barclays through a fixed and floating charge over the assets of the Group, excluding assets securing finance leases.

Under the terms of the hedge facility there are a number of undertakings related to the performance of the Company. Non compliance with these undertakings could constitute an event of default. In the year, and as at 30 June 2012, there were no events of default under the facility.

Note 29 Commitments for expenditure

	Consolidated	
	2012 $'000	2011 $'000
EXPLORATION		
In order to maintain rights of tenure to mining tenements, the Group is committed to tenement rentals and minimum exploration expenditure in terms of the requirements of the relevant state government mining departments in Western Australia, New South Wales and South Australia. This requirement will continue for future years with the amount dependent upon tenement holdings.	**9,677**	9,580

Note 29 Commitments for expenditure cont.

	Consolidated 2012 $'000	Consolidated 2011 $'000
Finance Lease Commitments		
Payable not later than one year	**1,144**	1,124
Payable later than one year, not later than five years	**1,065**	1,722
	2,209	2,846
Future finance charges	**(193)**	(311)
Recognised as a liability	**2,016**	2,535
Lease incentives on non-cancellable operating leases included in lease liabilities	**264**	6
Total lease liabilities	**2,280**	2,541
Current (Note 21)	**1,067**	960
Non-current (Note 21)	**1,213**	1,581
	2,280	2,541

These finance lease commitments relate to vehicles and plant and equipment, and are based on the cost of the assets and are payable over a period of up to 48 months.

	Consolidated 2012 $'000	Consolidated 2011 $'000
Equipment Finance Facility		
Payable not later than one year	**–**	8,023
Future finance charges	**–**	(163)
Total lease liabilities	**–**	7,860
Current (Note 21)	**–**	7,860
Non-current (Note 21)	**–**	–
	–	7,860

	Consolidated 2012 $'000	Consolidated 2011 $'000
Analysis of Non-Cancellable Operating Lease Commitments		
Payable not later than one year	**916**	265
Payable later than one year, not later than five years	**3,093**	1,181
Payable later than five years	**85**	744
	4,094	2,190

	Consolidated 2012 $'000	Consolidated 2011 $'000
Analysis of Non-Cancellable Operating Sub-lease receipts		
Receivable not later than one year	**207**	199
Receivable later than one year, not later than five years	**607**	813
	814	1,012

Note 30 Related party transactions

A) DIRECTORS AND KEY MANAGEMENT PERSONNEL

Disclosures relating to Directors and key management personnel are set out in Note 38.

(B) TRANSACTIONS WITH ENTITIES IN THE WHOLLY-OWNED GROUP

St Barbara Limited is the parent entity in the wholly-owned group comprising the Company and its wholly-owned subsidiaries.

During the year the Company did not transact with any entities in the wholly-owned group (2011: $ Nil). Net receivables from subsidiaries amounted to $2,000 (2011: $2,000). The Company provided accounting and administrative assistance free of charge to all of its wholly-owned subsidiaries.

Loans payable to and advanced from wholly-owned subsidiaries to the Company are interest free, and payable on demand.

(C) AMOUNTS RECEIVABLE FROM AND PAYABLE TO ENTITIES IN THE WHOLLY-OWNED GROUP AND CONTROLLED ENTITIES

	Company	
	2012 $'000	2011 $'000
Aggregate amounts receivable at balance date from:		
Entities in the wholly-owned group	**852**	852
Less provision for doubtful receivables	**(850)**	(850)
	2	2
Aggregate amounts payable at balance date to:		
Entities in the wholly-owned group	**11,401**	11,401

(D) GUARANTEES

Subsidiary companies have guaranteed the parent entity's obligations under the bank guarantee facilities provided by the National Australia Bank Limited and Commonwealth Bank of Australia.

(E) TERMS AND CONDITIONS

Outstanding balances are unsecured, interest free and are repayable in cash on demand.

(F) AMOUNTS RECEIVABLE FROM DIRECTOR RELATED ENTITIES

At 30 June 2012, there were no amounts receivable from Director related entities (2011: $ Nil).

(G) OTHER TRANSACTIONS WITH DIRECTORS OF THE COMPANY AND THEIR DIRECTOR RELATED ENTITIES

During the year ended 30 June 2012, there were no other transactions with Directors of the Company and their Director related entities.

Note 31 Controlled entities

The Group consists of the Company and its wholly-owned controlled entities as follows.

		Equity holding		Carrying value of Company's investment	
Name of entity	Class of Shares	**June 2012 %**	June 2011 %	**June 2012 $'000**	June 2011 $'000
Australian Eagle Oil Co Pty Ltd	Ordinary	**100**	100	**178**	178
Capvern Pty Ltd	Ordinary	**100**	100	**–**	–
Eagle Group Management Pty Ltd	Ordinary	**100**	100	**–**	–
Murchison Gold Pty Ltd	Ordinary	**100**	100	**–**	–
Kingkara Pty Ltd	Ordinary	**100**	100	**–**	–
Oakjade Pty Ltd	Ordinary	**100**	100	**–**	–
Regalkey Holdings Pty Ltd	Ordinary	**100**	100	**–**	–
Silkwest Holdings Pty Ltd	Ordinary	**100**	100	**–**	–
Sixteenth Ossa Pty Ltd	Ordinary	**100**	100	**–**	–
Vafitu Pty Ltd	Ordinary	**100**	100	**–**	–
Zygot Pty Ltd	Ordinary	**100**	100	**–**	–
				178	178

Each company in the Group was incorporated in Australia.

Note 32 Interests in jointly controlled assets

	June 2012 Equity %	June 2011 Equity %	Joint Venturers
WESTERN AUSTRALIA			
Leonora Region			
Mount Newman – Victory	**87%**	87%	Astro Diamond Mines N.L.
Sandy Soak	**91%**	91%	Hunter Resources Pty Ltd
Melita	**80%**	80%	Dalrymple Resources N.L.
McEast/Pipeline	**20%**	20%	Cheperon Gold Partnership
Black Cat	**40%**	40%	Terrain Minerals Ltd
Silver Phantom	**70%**	70%	Bellriver Pty Ltd
South Rankin	**75%**	75%	Comet Resources Limited

As at 30 June 2012 there was no joint venture assets recorded in the balance sheet (2011: Nil).

Note 33 Events occurring after the balance sheet date

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected or may significantly affect in future years the Company's operations, the results of those operations or the state of affairs, except for the following:

- On 29 June 2012, the Company announced a proposal to acquire all the shares of Allied Gold Mining Plc ("Allied Gold") via a scheme of arrangement. Under the terms of the recommended offer, St Barbara will acquire the entire issued and to be issued ordinary share capital of Allied Gold for A$1.025 in cash and 0.8 St Barbara shares for each Allied Gold share (the "Offer"). Based on the closing price of St Barbara shares on the Australian Securities Exchange on 28 June 2012, being the last trading day before the announcement, the offer values Allied Gold at $556 million.

  The cash consideration payable under the terms of the Offer will be funded from St Barbara's existing cash resources and additionally by using a A$120 million term loan facility. Following implementation of the Offer, Allied Gold will become a wholly owned subsidiary of St Barbara.

  On 14 August 2012, the shareholders of Allied Gold voted in favour of the scheme of arrangement. The court hearing in the UK to sanction the scheme is to be held on 30 August 2012. The effective date of the combination, subject to court approval, is expected to be by 7 September 2012.

Note 34 Reconciliation of profit after income tax to net cash flows from operating activities

	Consolidated	
	2012 $'000	2011 $'000
Profit after tax for the year	**130,230**	68,629
Depreciation and amortisation	**90,869**	58,480
Asset impairment write offs	**10,219**	–
Recognition of unbooked tax losses	**(20,731)**	–
Profit on sale of assets	**(67)**	(1,180)
Gain on sale of tenement rights	**–**	(1,963)
Net realised/unrealised loss/(gain) on gold derivative fair value movements	**5,400**	(13,471)
Tenement write-off	**–**	125
Equity settled share-based payments	**904**	869
Change in operating assets and liabilities		
(Increase)/decrease in receivables and prepayments	**10,345**	(8,925)
(Increase)/decrease in inventories	**(4,009)**	197
(Increase)/decrease in other assets	**(10,408)**	(14,049)
Increase/(decrease) in trade creditors and payables	**7,037**	11,217
Increase/(decrease) in non-current provisions	**(866)**	1,504
Increase/(decrease) in other liabilities	**2,904**	1,640
Net cash flows from operating activities	**221,827**	103,073

Note 35 Non-cash investing and financing activities

	Consolidated	
	2012 $'000	2011 $'000
Acquisition of vehicles and equipment through finance leases	**491**	1,552

Note 36 Earnings per share

(A) BASIC EARNINGS PER SHARE

	Consolidated	
	2012 Cents	2011 Cents
Profit attributable to the ordinary equity holders of the Company	**40.04**	21.05

(B) DILUTED EARNINGS PER SHARE

	Consolidated	
	2012 Cents	2011 Cents
Profit attributable to the ordinary equity holders of the Company	**39.60**	20.94

Note 36 Earnings per share cont.

(C) RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	Consolidated	
	2012 $'000	2011 $'000
Basic and diluted earnings per share:		
Profit after tax for the year	**130,230**	68,629

(D) WEIGHTED AVERAGE NUMBER OF SHARES

	Consolidated	
	2012 Number	2011 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**325,285,005**	326,031,238
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**328,885,173**	327,753,818

(E) INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

(i) Options

Executive Options and Options granted to employees under the St Barbara Limited Employee Option Plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 37.

(ii) Performance rights

Performance rights granted to employees under the St Barbara Performance Rights Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights have not been included in the determination of basic earnings per share. Details relating to the rights are set out in Note 37.

Note 37 Share-based payments

(A) EMPLOYEE OPTION PLAN

The establishment of the St Barbara Limited Employee Option Plan was approved by shareholders at the 2001 Annual General Meeting. Options are granted as part of an employee's total remuneration package. Options are granted for a three to five year period.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted to employees under the St Barbara Limited Employee Option Plan approved by shareholders:

Consolidated and parent entity – 2012

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
11 Sep 06	11 Sep 11	$2.863	**333,334**	–	–	**333,334**(1)	–	–
01 Dec 06	01 Dec 11	$3.181	**83,334**	–	–	**83,334**(1)	–	–
06 May 09	02 Mar 14	$2.286	**251,350**	–	–	**251,350**(3)	–	–
06 May 09	03 Apr 14	$2.466	**517,354**	–	–	**517,354**(3)	–	–
23 Sep 09(2)	23 Sep 14	$1.722	**2,284,737**	–	–	**329,474**(4)	**1,955,263**	–
Total			**3,470,109**	–	–	**1,514,846**	**1,955,263**	–
Weighted average exercise price			**$2.02**			**$2.40**	**$1.72**	–

(1) Options expired during the year.
(2) Vesting of options granted in September 2009 is subject to performance criteria as discussed below.
(3) Options did not meet performance criteria at 30 June 2012, therefore did not vest.
(4) Expired on termination of employment with the Company.

Note 37 Share-based payments cont.

(A) EMPLOYEE OPTION PLAN cont.

Consolidated and parent entity – 2011

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
30 Sep 05	30 Sep 10	$1.674	166,667	–	166,667	–	–	–
01 Jul 06	30 Jun 11	$2.832	83,334	–	–	83,334 (1)	–	–
11 Sep 06	11 Sep 11	$2.863	333,334	–	–	–	333,334	333,334
01 Dec 06	01 Dec 11	$3.181	83,334	–	–	–	83,334	83,334
06 May 09 (2)	02 Mar 14	$2.286	251,350	–	–	–	251,350	–
06 May 09 (2)	03 Apr 14	$2.466	603,580	–	–	86,226 (1)	517,354	–
23 Sep 09 (2)	23 Sep 14	$1.722	2,407,960	–	–	123,223 (1)	2,284,737	–
Total			3,929,559	–	166,667	292,783	3,470,109	416,668
Weighted average exercise price			$2.02		$1.67	$2.26	$2.02	$2.93

(1) Expired on termination of employment with the Company.
(2) Vesting of options granted in May 2009 and September 2009 is subject to performance criteria as discussed below.

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.2 years (2011: 2.8 years).

Fair value of options granted

There were no options granted during the year ending 30 June 2012.

Options are granted for no consideration. The vesting of options granted in 2010 is subject to a continuing services condition as at each vesting date, and relative Total Shareholder Returns over a three year period measured against a peer group. The Board reserves the right to make changes to the peer group to allow for changing circumstances (e.g. takeover) for peer group companies.

All options expire on the earlier of their expiry date, thirty days after resignation of the relevant executive or twelve months after retirement or retrenchment.

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black Scholes option pricing model that takes into account the exercise price (ordinarily linked to the average closing market price for the 5 business days immediately preceding the grant date), the term of the option, the performance hurdle (relative Total Shareholder Return) the share price at grant date and expected price volatility of the underlying share, no expected dividend yield and the risk free interest rate for the term of the option.

At each balance date, an assessment is performed with regard to the probability of options vesting with respect to service conditions, and is subject to management judgement. Refer to Note 4 for further details.

Note 37 Share-based payments cont.

(B) EMPLOYEE PERFORMANCE RIGHTS

Set out below are summaries of performance rights granted to employees under the St Barbara Limited Performance Rights Plan approved by shareholders:

Consolidated and parent entity – 2012

Grant Date	Expiry Date	Price on issue date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
23 Dec 10	30 Jun 13	$2.26	**2,274,252**	–	–	**364,612**[1]	**1,909,640**	–
21 Jan 11	30 Jun 13	$1.81	**114,611**	–	–	–	**114,611**	–
28 Oct 11	30 Jun 14	$2.23	–	**1,177,839**		**217,724**[1]	**960,115**	–
23 Nov 11	30 Jun 14	$2.20	–	**459,621**	–	–	**459,621**	–
15 Mar 12	30 Jun 14	$2.09	–	**243,496**	–	–	**243,496**	–
Total			**2,388,863**	**1,880,956**	–	**582,336**	**3,687,483**	–
Weighted average exercise price			–	–	–	–	–	–

(1) Expired on termination of employment with the Company.

Consolidated and parent entity – 2011

Grant Date	Expiry Date	Price on issue date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
23 Dec 10	30 Jun 13	$2.26	–	2,412,992	–	138,740[1]	2,274,252	–
21 Jan 11	30 Jun 13	$1.81	–	114,611	–	–	114,611	–
Total			–	2,527,603	–	138,740	2,388,863	–
Weighted average exercise price			–	–	–	–	–	–

(1) Expired on termination of employment with the Company

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 1.5 years (2011: 2.0 years).

The model inputs for rights granted during the year ended 30 June 2012 included:

i. Rights are granted for no consideration. The vesting of rights granted in 2012 is subject to a continuing service condition as at each vesting date, and relative Total Shareholder Returns over a three year period measured against a peer group.

ii. Performance rights do not have an exercise price

iii. Any performance right which does not vest will lapse

iv. Grant date varies with each issue.

The fair value of rights issued was adjusted according to estimates of the likelihood that the market conditions would be met. A Monte-Carlo simulation was performed using data at grant date to assist management in estimating the probability of the rights vesting. Refer Note 4 for further details.

As a result of the Monte-Carlo simulation results, the assessed fair value of rights issued during the year was $2,073,000. This outcome was based on the likelihood of the market condition being met as at the date the rights vest.

(C) EXPENSES ARISING FROM SHARE BASED PAYMENT TRANSACTIONS

Total expenses/(gains) arising from equity settled share based payment transactions recognised during the year as part of the employee benefit expenses were as follows:

	Consolidated	
	2012 $'000	2011 $'000
Options/performance rights issued/expired under employee option plan	**904**	624

Note 38 Key Management Personnel Disclosures

(A) DIRECTORS

The following persons were Directors of St Barbara Limited during the financial year:

- S J C Wise — Chairman
- T J Lehany — Managing Director & CEO
- D W Bailey — Non-executive director
- E A Donaghey — Non-executive director
- P C Lockyer — Non-executive director
- R K Rae — Non-executive director

(B) KEY MANAGEMENT PERSONNEL DISCLOSURES

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

- Tim J Lehany — Managing Director & CEO
- David Rose — Chief Operating Officer (resigned 31 January 2012)
- Alistair Croll — Chief Operating Officer (appointed 16 January 2012)
- Garth Campbell-Cowan — Chief Financial Officer
- Ross Kennedy — Executive General Manager Corporate Services/Company Secretary
- Phil Uttley — Executive General Manager Discovery & Growth

(C) KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated	
	2012 $'000	2011 $'000
Short term employee benefits	**4,207,826**	2,713,826
Post employment benefits	**78,522**	75,995
Long Service Leave	**104,216**	65,086
Share-based payments	**1,162,542**	488,259
Termination payments	**330,716**	–
	5,883,822	3,343,166

(D) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, are disclosed in Note 37.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of St Barbara Limited and key management personnel of the Group, including their related parties, are set out below:

2012

Name	Balance at the start of the year	Granted during the year as compen-sation	Exercised during the year	Expired during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Executive Director							
T J Lehany	**1,227,570**	–	–	–	**(251,350)**[(1)]	**976,220**	–
Key management personnel							
D Rose	**329,474**	–	–	–	**(329,474)**[(2)]	–	–
G Campbell-Cowan	**825,196**	–	–	**(333,334)**	**(201,192)**[(1)]	**290,670**	–
R Kennedy	**413,032**	–	–	–	**(156,774)**[(1)]	**256,258**	–
P Uttley	**256,258**	–	–	–	–	**256,258**	–

(1) Options did not vest at 30 June 2012.
(2) Options expired upon termination of employment.

Note 38 Key Management Personnel Disclosures cont.

(D) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL cont.

(ii) Option holdings cont.

2011

Name	Balance at the start of the year	Granted during the year as compen-sation	Exercised during the year	Expired during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Executive Director							
T J Lehany	1,227,570	–	–	–	–	1,227,570	–
Key management personnel							
D Rose	329,474	–	–	–	–	329,474	–
G Campbell-Cowan	825,196	–	–	–	–	825,196	333,334
R Kennedy	413,032	–	–	–	–	413,032	–
P Uttley	256,258	–	–	–	–	256,258	–

(iii) Performance rights

The numbers of rights over ordinary shares in the Company held during the financial year by each Director of St Barbara Limited and key management personnel of the Group, including their related parties, are set out below:

2012

Name	Balance at the start of the year	Granted during the year as compen-sation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Executive Director						
T J Lehany	**757,819**	**459,621**	**–**	**–**	**1,217,440**	**–**
Key management personnel						
D Rose	**252,011**	**152,846**	**–**	**(404,857)**[(1)]	**–**	**–**
A Croll	**–**	**169,106**	**–**	**–**	**169,106**	**–**
G Campbell-Cowan	**225,737**	**146,472**	**–**	**–**	**372,209**	**–**
R Kennedy	**195,174**	**118,374**	**–**	**–**	**313,548**	**–**
P Uttley	**195,174**	**126,634**	**–**	**–**	**321,808**	**–**

(1) Performance rights expired upon termination of employment.

2011

Name	Balance at the start of the year	Granted during the year as compen-sation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Executive Director						
T J Lehany	–	757,819	–	–	757,819	–
Key management personnel						
D Rose	–	252,011	–	–	252,011	–
G Campbell-Cowan	–	225,737	–	–	225,737	–
R Kennedy	–	195,174	–	–	195,174	–
P Uttley	–	195,174	–	–	195,174	–

Note 38 Key Management Personnel Disclosures cont.

(D) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL cont.

(iv) Share holdings

The numbers of shares in the Company held during the year by each Director of St Barbara Limited and key management personnel of the Group, including their related parties, are set out below. There were no shares granted during the year as compensation.

2012

Name	Balance at the start of the year	Exercise of options	Other changes	Purchased	Sold	Balance at the end of the year
Directors						
S J C Wise	**1,139,389**	**–**	**–**	**–**	**–**	**1,139,389**
T J Lehany	**167,822**	**–**	**–**	**–**	**–**	**167,822**
D W Bailey	**30,247**	**–**	**–**	**–**	**–**	**30,247**
E A Donaghey	**–**	**–**	**–**	**40,000**	**–**	**40,000**
P C Lockyer	**20,631**	**–**	**–**	**–**	**–**	**20,631**
R K Rae	**48,976**	**–**	**–**	**–**	**–**	**48,976**
Key management personnel						
A Croll	**–**	**–**	**–**	**–**	**–**	**–**
G Campbell-Cowan	**–**	**–**	**–**	**15,000**	**–**	**15,000**
R Kennedy	**65,218**	**–**	**–**	**9,000**	**–**	**74,218**
P Uttley	**–**	**–**	**–**	**–**	**–**	**–**

2011

Name	Balance at the start of the year	Exercise of options	Other changes	Purchased	Sold	Balance at the end of the year
Directors						
S J C Wise	1,139,389	–	–	–	–	1,139,389
T J Lehany	167,822	–	–	–	–	167,822
D W Bailey	30,247	–	–	–	–	30,247
E A Donaghey	–	–	–	–	–	–
P C Lockyer	10,631	–	–	10,000	–	20,631
R K Rae	42,310	–	–	6,666	–	48,976
Key management personnel						
D Rose	23,334	–	–	–	–	23,334
G Campbell-Cowan	–	–	–	–	–	–
R Kennedy	70,885	–	–	11,000	(16,667)	65,218
P Uttley	–	–	–	–	–	–

Directors' Declaration

1 In the opinion of the directors of St Barbara Limited (the Company):

(a) the financial statements and notes that are contained in pages 42 to 86 and the Remuneration report in the Directors' report, set out on pages 29 to 39, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2012.

3 The directors draw attention to Note 1(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Timothy J Lehany

Managing Director and CEO

Melbourne

23 August 2012

KPMG

Independent auditor's report to the members of St Barbara Limited

Report on the financial report

We have audited the accompanying financial report of St Barbara Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, notes 1 to 38 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 29 to 39 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of St Barbara Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Tony Romeo
Partner

Melbourne

23 August 2012

Twenty Largest Shareholders

ORDINARY FULLY PAID SHARES AS AT 30 SEPTEMBER 2012

Rank	Name	Units	% of Units
1.	NATIONAL NOMINEES LIMITED	125,332,542	25.7
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	98,229,260	20.1
3.	J P MORGAN NOMINEES AUSTRALIA LIMITED	87,364,962	17.9
4.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	19,849,181	4.1
5.	CITICORP NOMINEES PTY LIMITED	12,213,512	2.5
6.	CS FOURTH NOMINEES PTY LTD	7,559,882	1.6
7.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,043,922	1.2
8.	JAYVEE & CO	6,000,000	1.2
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	4,260,666	0.9
10.	HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED <357206 A/C>	3,737,032	0.8
11.	AMP LIFE LIMITED	3,429,641	0.7
12.	JAYVEE & CO	2,697,332	0.6
13.	WOODROSS NOMINEES PTY LTD	2,549,932	0.5
14.	BNP PARIBAS NOMS PTY LTD <DRP>	2,476,814	0.5
15.	BNY MELLON NOMINEES LIMITED <BSDTUSD A/C>	2,425,947	0.5
16.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 3	2,159,994	0.4
17.	QIC LIMITED	2,076,361	0.4
18.	CHASE NOMINEES LIMITED <BGILIFEL A/C>	2,029,387	0.4
19.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,010,414	0.4
20.	THE BANK OF NEW YORK (NOMINEES) LIMITED <RBSGF A/C>	1,966,434	0.4
Total Top 20 holders of ordinary fully paid shares		**394,413,215**	**80.8**
Total Remaining Holders Balance		**93,660,862**	**19.2**

Substantial Shareholders

ORDINARY FULLY PAID SHARES AS AT 14 SEPTEMBER 2012

Name	Shares	% of Shares
M&G Investment Management Ltd	91,284,142	18.7
Franklin Resources Inc	36,215,568	7.4
Van Eck Associates Corporation	26,054,948	5.3

Distribution of Shareholdings

ORDINARY FULLY PAID SHARES AS AT 30 SEPTEMBER 2012

Range	Total holders	Shares	% of Issued Capital
1 – 1,000	4,119	1,783,997	0.0
1,001 – 5,000	4,341	10,744,140	0.2
5,001 – 10,000	1,078	7,990,888	0.2
10,001 – 100,000	1,000	27,565,005	0.5
100,001 and over	162	439,990,047	90.1
Total	**10,700**	**488,074,077**	**100.0**

UNMARKETABLE PARCELS

	Minimum Parcel Size	Holders	Shares
Minimum $500 parcel at $2.16 per unit	232	1,268	109,345

Corporate Directory

BOARD OF DIRECTORS

S J C Wise	Chairman
T J Lehany	Managing Director & CEO
D W Bailey	Non-Executive Director
E A Donaghey	Non-Executive Director
P C Lockyer	Non-Executive Director
R K Rae	Non-Executive Director

COMPANY SECRETARY

R J Kennedy

REGISTERED OFFICE

Level 10, 432 St Kilda Road
Melbourne Victoria 3004

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

SHARE REGISTRY

Computershare Limited
GPO Box 2975
Melbourne Victoria 3001

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

BANKER

National Australia Bank
500 Bourke Street
Melbourne VIC 3000

AUDITOR

KPMG
147 Collins Street
Melbourne VIC 3000

SOLICITOR

Ashurst
181 William Street
Melbourne VIC 3000

STOCK EXCHANGE LISTING

Shares in St Barbara Limited are quoted
on the Australian Securities Exchange
Ticker Symbol: SBM

www.colliercreative.com.au #STB0001

This report is printed on Monza Satin produced with 55% recycled fibre (25% post consumer and 30% pre consumer) and FSC® Certified pulp, which ensures that all virgin pulp is derived from well-managed forests, and is manufactured by an ISO 14001 certified mill. Monza Recycled is an FSC® Mixed Source Certified Paper.

St Barbara
LIMITED

ABN 36 009 165 066

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