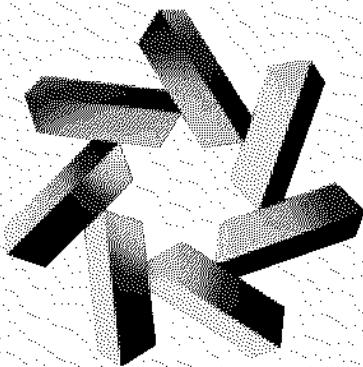




St Barbara Mines Limited

ASX SHAREHOLDERS REPORT

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Sale of Meekatharra Assets

The Company has sold its Meekatharra assets to Mercator Gold plc ("Mercator") for A\$21M

The terms of the sale are:

- Cash payment to the Company by Mercator of A\$5M which includes a non-refundable deposit of A\$250,000 which has been paid;
- Replacement by Mercator of the Company's Environmental Performance Bonds of approximately A\$3M; and
- The issue of shares to the Company by Mercator to the value of A\$13M at the lowest price that Mercator issues any shares, from execution to completion.

The completion of the sale is subject to:

- Mercator completing a new capital raising of a minimum of GBP8M (A\$19M), in addition to the equity issue to St Barbara described above;
- a 30 day due diligence period; and
- Mercator obtaining all necessary AIM shareholder and regulatory approval.

The Mercator capital raising is planned to fund exploration at Meekatharra. Completion is scheduled for no later than 28 February 2006.

Mercator is currently the manager of the Annean Joint Venture at Meekatharra, having spent A\$4M to earn a 45% interest, leaving St Barbara with 55%. The Annean Joint Venture represents 65% of the Company's total land holding at Meekatharra.

The Meekatharra assets sold include the Company's 100% owned tenements, its joint venture interests, the Bluebird treatment plant and associated infrastructure.

Following Mercator's new capital raising of a GBP8M (A\$19M) minimum in addition to the equity issue to St Barbara, it is anticipated St Barbara will own approximately 23.4% of the fully diluted issued capital in Mercator. Should Mercator be successful in raising its target of GBP12M (A\$28M), St Barbara will own approximately 19.9% on a fully diluted basis.

Eduard Eshuys
Managing Director & CEO

28 October 2005