

# St Barbara Limited

ABN 36 009 165 066



## Gwalia Development Approved

The Board has approved the development and mining of Gwalia Deeps. Current Probable Reserves are 4.8 million tonnes at 9.1 grams per tonne (g/t) for 1.4 million ounces with life of mine cash costs of A\$395 (US\$305) per ounce.

The current Gwalia Deeps reserves will sustain production for at least 8 years. Gold production will be at the initial rate of 100,000 ounces per annum in 2008/09 building up to 200,000 ounces during 2009/10.

Drilling is continuing with the objective of increasing the current reserves beyond 1.4 million ounces, by converting Inferred Resources to Indicated Resources within the current mine plan between 1,100 – 1,600 metres below surface (mbs) depth and to a vertical depth of 1,800mbs. Gwalia Deeps has Indicated and Inferred Resources of 3.1 million ounces, which includes the current reserves of 1.4 million ounces.

A revised reserves estimate is expected to be completed by the end of the June 2007 quarter.

The Hoover Decline face is currently at 650mbs and is on schedule to reach the top of the Deeps at 1,100mbs during the March 2008 quarter with ore production commencing during the June 2008 quarter.

The mining method to be utilized is sub-level open stoping with paste fill of the mined out stopes. Mining costs are estimated to average A\$73 (US\$56) per tonne. A mining recovery factor of 77% overall has been applied to the diluted stoping blocks, to take account of potential stress related characteristics of the mine at depth. The mining reserve includes dilution of up to 17%.

Processing and administration costs of A\$29 (US\$22) per tonne are high due to the batch processing initially of only Gwalia Deeps ore at 500,000 – 800,000 tonnes per annum. The Gwalia treatment plant has capacity to process up to 1.8 million tonnes per annum. The processing of ore from other sources represents an opportunity to substantially reduce these processing and administration costs per tonne, reduce cash costs per ounce and increase gold production.

Pre-production capital is estimated at A\$110 (US\$85) million for mine development, mine infrastructure and the upgrade of the Gwalia processing plant. Sources of funds for the development includes cash reserves, cash flow and additional financing to be finalized within the next three months. The operation is forecast to be cash flow positive in year 2009/10, the second year of production.

The Gwalia Deeps cash flow will be protected by purchasing put options at a strike price of A\$700 (US\$541) per ounce for the current Probable Reserves. This guaranteed minimum price will allow the Company and shareholders to benefit fully from gold prices above A\$700 per ounce, while providing protection against a lower gold price.

**Eduard Eshuys**  
Managing Director & CEO  
7 February 2007