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June 2011 Quarterly Report

FY11 Q4 gold production up 19% to 72,860 ounces

Overview

Production Summary

- Gold production for the June quarter of 72,860 ounces was 19% higher than the previous quarter.
- Gold production for FY11 of 258,474 ounces was within guidance of 255,000 to 270,000 ounces, and was a 12% increase over FY10.

Leonora Operations, WA

- Gold production from the Gwalia mine was 38,556 ounces for the June quarter (up 4,489 ounces or 13% on the previous quarter) at a cash operating cost of \$722 per ounce.
- King of the Hills underground mine commenced gold production in May, and produced 7,066 ounces at a cash operating cost of \$699 per ounce for the June quarter.

Southern Cross Operations, WA

- Gold production from the Marvel Loch mine was 27,238 ounces for the June quarter at a cash operating cost of \$985 per ounce.

Discovery and Growth

- The first phase of drilling at the East Lachlan Fold Belt in NSW has intersected geology that may be proximal to potential porphyry copper-gold mineralisation.
- Ongoing deep drilling at Gwalia, Leonora, WA, has continued to achieve high value intersections including 15.0m @ 21.6g/t Au from 1,639 metres below surface (mbs) and 16.5m @ 8.8g/t Au from 1,673 mbs.

Health & Safety

- The Total Recordable Injury Frequency Rate, calculated as a rolling 12 month average, increased to 12.5 at 30 June 2011.

Finance and Corporate

- 72,388 ounces of gold was shipped in the June quarter, realising an average gold price of A\$1,423 per ounce.
- Cash at bank at 30 June 2011 was \$80 million. In addition, proceeds from the sale of gold on 30 June 2011 of \$17 million were received in early July.
- Cash outflows for the quarter included mine development at King of the Hills, the ongoing Gwalia Deeps drilling program and the exploration programs in WA and NSW.

Outlook

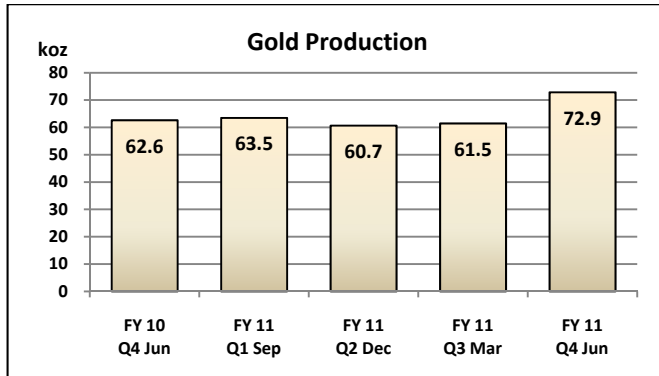
- Forecast September quarter gold production is anticipated to be higher than the June quarter, based on a full quarter contribution from King of the Hills and an expected grade at Gwalia of 7.0 to 8.0g/t Au.
- Exploration drilling continues in the September quarter at Gwalia, Copperhead and East Lachlan.
- Consolidated gold production for FY12 is forecast to increase by approximately 30% to between 320,000 to 350,000 ounces, driven by a full year contribution from King of the Hills of between 55,000 to 60,000 ounces, and an increase in the grade of ore mined at Gwalia to between 8.0 to 8.5g/t Au.

Tim Lehany
Managing Director and CEO
28 July 2011

Operations

Consolidated Gold Production

Gold production increased by 19% to 72,860 ounces for the June 2011 quarter, and totalled 258,474 ounces for the 12 months to 30 June 2011. The June quarter marked the first contribution from the new King of the Hills underground mine, with 7,066 ounces of gold produced.



Production Summary Consolidated		Mar Qtr FY11	Jun Qtr FY11	Year FY11
Production				
Gwalia	oz	34,067	38,556	131,133
King of the Hills	oz	-	7,066	7,066
Southern Cross	oz	27,386	27,238	120,275
Consolidated	oz	61,453	72,860	258,474
Milled Grade				
Gwalia	g/t	7.3	7.0	6.3
King of the Hills	g/t	-	4.6	4.6
Marvel Loch	g/t	2.9	2.9	3.4
Total Cash Operating Costs				
Gwalia	\$/oz	686	722	765
King of the Hills	\$/oz	-	699	699
Southern Cross	\$/oz	964	985	890

Development is now well advanced on the 1340 level in the South West Branch. The Hoover decline was developed down to 1,358 metres below surface (mbs) at 30 June.

Gwalia 2011 annual gold production of 131,133 ounces was within guidance of between 130,000 to 135,000 ounces. Gwalia cash operating costs for FY11 were \$765 per ounce compared with the guidance range of \$680 to \$720 per ounce. Gwalia cash operating costs were \$722 per ounce of gold for the June quarter. Costs were higher than expected in the quarter due to delays in accessing higher grade development ore as explained above, dilution in some key stopes that impacted grade, and ore handling and haulage costs. Stope design and mining practice continue to evolve with knowledge gained as production moves into the South West Branch.

Production Summary Gwalia		Mar Qtr FY11	Jun Qtr FY11	Year FY 11
Underground ore mined	t	132,299	176,214	647,546
Grade	g/t	7.9	6.9	6.3
Ore milled	t	151,285	177,703	648,212
Grade	g/t	7.3	7.0	6.3
Recovery	%	96	96	96
Gold production	oz	34,067	38,556	131,133
Cash Operating Costs		\$ per ounce		
Mining		579	463	561
Processing		123	134	153
Site services		75	77	82
Stripping and ore inventory adjustments		(122)	15	(63)
		655	689	733
By product credits		(2)	(4)	(3)
Third party refining & transport		1	1	1
Royalties		32	36	34
Total cash operating costs		686	722	765
Depreciation and amortisation		255	254	255
Total operating costs		941	976	1,020

Leonora Operations, WA

Leonora Operations full year gold production was 138,199 ounces, compared with guidance of 140,000 ounces to 145,000 ounces. Whilst King of the Hills first quarter of production was approximately 3,000 ounces below guidance, it is expected to achieve full scale production from July 2011.

Gwalia

Gold production for the June 2011 quarter increased by 13% to 38,556 ounces on higher mined and milled volumes. The grade of ore milled for the quarter was 7.0g/t Au, in line with guidance.

Ore was mined from the South Gwalia Series, the South West Branch above the dyke (in both Adam and Beech areas), and from the South West Branch below the dyke. Access to high grade development ore from the South West Branch on the 1340 level has been delayed until the September quarter due to the extended period required to dewater the decline following flooding from February rains (as previously reported).

King of the Hills

Production Summary King of the Hills		Mar Qtr FY11	Jun Qtr FY11	Year FY 11
Underground ore mined	t	7,680	58,139	65,819
Grade	g/t	2.9	4.7	4.5
Ore milled	t	-	50,105	50,105
Grade	g/t	-	4.6	4.6
Recovery	%	-	95	95
Gold production	oz	-	7,066	7,066
Cash Operating Costs		\$ per ounce		
Mining		-	534	534
Processing		-	194	194
Site services		-	90	90
Stripping and ore inventory adjustments		-	(129)	(129)
		-	689	689
By product credits		-	(14)	(14)
Third party refining & transport		-	-	-
Royalties		-	24	24
Total cash operating costs		-	699	699
Depreciation and amortisation		-	298	298
Total operating costs		-	997	997

Stope production commenced at the King of the Hills operation in May with 58,139 tonnes of ore mined for the quarter at 4.7g/t Au and 50,105 tonnes milled at 4.6g/t Au.

Approximately 1,288 ounces of contained gold remained on the stockpile at 30 June 2011 to enable the higher grade Gwalia ore to take priority in the mill schedule. Cash operating costs of \$699 per ounce for the quarter were in line with expectations.

Southern Cross Operations, WA

Gold production for the June 2011 quarter from the Marvel Loch mine was 27,238 ounces, at a total cash operating cost of \$985 per ounce, in line with expectations.

FY11 annual gold production of 120,275 ounces was within guidance of 115,000 to 125,000 ounces, and cash operating costs of \$890 per ounce were also within guidance of \$850 to \$900 per ounce.

Production Summary		Mar Qtr	Jun Qtr	Year
Marvel Loch		FY11	FY11	FY 11
Underground ore mined	t	306,760	308,389	1,161,078
Grade	g/t	2.9	2.9	3.2
Ore milled	t	320,489	316,149	1,199,627
Grade	g/t	2.9	2.9	3.4
Recovery	%	90	93	92
Gold production	oz	27,386	27,238	120,275
Cash Operating Costs		\$ per ounce		
Mining		551	583	519
Processing		286	318	263
Site services		92	94	84
Stripping and ore inventory adjustments		9	(26)	3
		938	969	869
By product credits		(12)	(13)	(14)
Third party refining & transport		2	2	2
Royalties		36	27	33
Total cash operating costs		964	985	890
Depreciation and amortisation		180	184	170
Total operating costs		1,144	1,169	1,060

Cash operating costs of \$985 per ounce for the quarter reflected the lower grade of ore milled (2.9g/t Au) compared with the average grade for the year (3.4g/t Au). Southern Cross Operations continues to generate positive cash flow.

Discovery and Growth

The Discovery and Growth team continued drilling programs during the June quarter with a number of targets tested both near-mine and regionally. Evaluation of new targets continued within the Company's tenement holdings, and acquisition studies were undertaken elsewhere on high priority opportunities.

Key outcomes included the continued high grade intersections at Gwalia Deeps, potential for a significant resource in the Western Series Lode at Copperhead, and enhancement of prospectivity for copper-gold porphyry mineralisation near Nyngan, East Lachlan, NSW.

Leonora Region

Gwalia: The purpose of the deep drilling program at Gwalia is to infill the resource that has been extended from its previous base at 1,640 metres below surface (mbs) to more than 1,800mbs (Figure 1) by previous deep drill holes in this program. Drilling results this quarter have continued to confirm the extent of high grade gold mineralisation within the Gwalia lode system. The infill drilling program was completed in July and is expected to provide an updated Mineral Resource of sufficient quality to support an extended Ore Reserve, both to be released at the end of August.

Five deep wedge holes were completed during the quarter and the Gwalia Deep drilling program will be completed with the final hole GWDD13G in the September quarter. Results during this quarter include:

- GWDD13E intersected 16.5m @ 8.8g/t Au from 1,673mbs in South West Branch (SWB) and 2.1m @ 8.6g/t Au from 1,665mbs in Main Lode.
- GWDD13F intersected 1.1m @ 2.5g/t Au from 1,665mbs and successfully defined the southern edge of the Gwalia lode systems.
- GWDD12I intersected 15.0m @ 21.6g/t Au from 1,639mbs including 3.9m @ 28.4g/t Au and 2.6m @ 79.5g/t Au comprising the SWB. Another interval of 5.0m @ 4.4g/t Au from 1,684mbs was returned in a position consistent with either South Gwalia Series (SGS) or West Lode.
- GWDD12J intersected 6.5m @ 2.1g/t Au in SWB, 2.7m @ 5.0g/t Au in SGS, and 1.3m @ 10g/t in Main Lode.
- GWDD13G intersected 2.8m @ 49.0g/t Au from 1,701mbs in the SWB, and 6.5m @ 14.8g/t Au from 1,710mbs in the SGS Lode.

These results continue to confirm the high grade gold tenor and defined the limits of the Gwalia lode system down to 1,800mbs. All down hole intervals are approximate true thicknesses of the lode system. Details of the Gwalia Deep drilling intersections are listed in Table 1.

Leonora targets: A 3D modelling exercise has commenced to identify drill targets potentially hosting large-scale deposits in a key target zone centred on the Gwalia mine trend, and is expected to be completed in the September quarter.

Southern Cross Region

Copperhead:

The aim of the drilling program at Copperhead is to demonstrate the extension of both the Northern Series and higher grade Southern Series Lodes and to define a high grade zone within the un-mined Western Series Lode. In the Western Series Lode, high grade gold mineralisation is hosted by a tightly folded system of banded iron formations (BIFs).

Within the Western Series lode, drill hole CHR02D (as previously reported on 23 May 2011) is considered to have encountered a significant high grade fold hinge zone, and has returned a significant down-hole intersection of 22.3m @ 7.6g/t from 735mbs (including 11.1m @ 12.6g/t, and with visible gold) situated approximately 720m below surface.

Drill holes CHR05 and CHR07 were completed through Western Series Lode, but both holes intersected low values away from the fold hinge zone. Drill hole CHR08 was completed up-plunge approximately 180m above hole CHR02D and also intersected over 20m of strong sulphide mineralisation in the banded iron formation (BIF) host, presumably in the fold hinge zone, but returned low gold values. As a result, the geometry of the Copperhead lode system appears complex and additional drilling is continuing in order to resolve the controls on the high grade mineralisation and to follow up these encouraging intersections.

Frasers: During the quarter nine drill holes have been completed below the historic mining areas, seven below Frasers South and two below the adjacent Frasers Main Lode, with the objective of identifying a potential ore source for Marvel Loch. Although the projected mineralised lodes have been well intersected by this drilling, results have generally been low, averaging between 1g/t Au and 2g/t Au over the lode intersection:

- FSDD04 intersected 11.0m @ 1.7g/t Au from 152mbs, including 1m @ 9.5g/t Au;
- FSDD06 intersected 5.9m @ 4.9g/t Au from 244mbs;
- FSDD08 intersected 2.0m @ 1.7g/t Au from 374mbs, with a broadly anomalous zone across the Lode returning 14.1m @ 0.3g/t Au.

Drill hole FSDD09 is in progress and a further 2 holes will be drilled into the Frasers Main Lode area in the September quarter to complete this program.

Other Areas

East Lachlan Fold Belt (NSW):

The target in the Nyngan area, NSW, is intrusive-related porphyry copper-gold mineralisation within a large volcanic complex situated under younger cover rocks on the edge of the Great Artesian Basin. Following targeting based on detailed geological and geophysical studies, the planned drill program of nine holes was successfully completed. Each hole tested a specific target located approximately 2 to 4km apart over an area greater than 80km².

Each drill hole has intersected the targeted monzodiorite intrusions and andesitic volcanics with varying degrees of alteration and minor amounts of sulphide mineralisation (including minor chalcopyrite), which are indicative of distal parts of a mineralised system. The final hole BCRDD09 intersected mainly volcanic rocks with associated alteration and sulphide mineralisation (pyrite with minor chalcopyrite) suggesting that the hole is possibly located on the outer

edges of a potential porphyry system.

Assaying is underway and further evaluation will occur when all the results of this program have been compiled early next Quarter. The aim will be to establish possible vectors to locate potential mineralised systems under cover rocks, and to follow-up with additional drilling in this wide area.

Health & Safety

Despite continued safety improvement efforts, the Total Recordable Injury Frequency Rate (TRIFR), calculated as a rolling 12 month average, increased from 11.0 at 31 March 2011 to 12.5 at 30 June 2011, with nine recordable injuries reported for the quarter. The FY 11 TRIFR is a deterioration from the TRIFR for FY 10 of 11.1.

Action taken to reduce injuries and reverse this trend includes:

- safety stops and workforce consultation;
- assessment of the efficacy of Critical Risk Control Standards in operation;
- engagement with key contract partners;
- improving the quality of workplace inspections and engagement on safety;
- regular safety checks with surface drilling contractors.

Financials (unaudited)

72,388 ounces of gold was shipped in the June quarter, realising an average gold price of A\$1,423 per ounce.

Cash at bank at 30 June 2011 was \$80 million. In addition, proceeds from the sale of gold on 30 June 2011 of \$17 million were received in early July. Cash outflows for the quarter included mine development at King of the Hills, the ongoing Gwalia Deeps drilling program and the exploration drilling programs in WA and NSW.

The Company has maintained its strong balance sheet with minimal debt. Interest bearing liabilities were \$12 million at 30 June 2011, being predominantly asset financing.

Corporate

Merger Proposal with Catalpa

On 13 May 2011, the Company announced a proposal to merge with Catalpa Resources Limited (Catalpa) by way of a scheme of arrangement.

On 15 June 2011, Catalpa announced a proposed merger with Conquest Mining Limited, and that Catalpa had terminated discussions with St Barbara.

The Company is considering its position and continues to evaluate other value accretive consolidation opportunities in the gold sector.

During the quarter, Tradewinds Global Investors, a large US institutional fund, became a substantial shareholder with a 6.4% shareholding at 30 June 2011.

Share capital at 30 June 2011

Issued shares

 Closing balance 30 June 2011 (unchanged) 325,615,389

Unlisted employee options

Opening balance 1 April 2011 4,033,567

Lapsed (354,006)

 Closing balance 30 June 2011 3,679,561

Unlisted performance rights

Opening balance 1 April 2011 2,527,603

Lapsed (138,740)

 Closing balance 30 June 2011 2,388,863
Forward Guidance FY12

Consolidated gold production for FY12 is anticipated to increase by approximately 30% to 320,000 to 350,000 ounces (FY11 258,474 ounces).

Forward Guidance FY12		Gwalia	King of the Hills	Marvel Loch	Total
		Leonora	S'thn Cross		
Gold production	koz	175-190	55-60	90-100	320-350
Cash operating cost	\$/oz	610-640	710-750	1,170 -1,220	-
Capex	\$M	55-60	20-25	10-15	85-100

Gwalia gold production is anticipated to increase by approximately 40% to 175,000 to 190,000 ounces (FY11 131,133 ounces) driven by an increase in the average grade to between 8.0 and 8.5g/t Au.

Changes in Gwalia cash operating cost estimates compared to previous FY12 estimates are largely a function of a change in the forecast grade, as well as increased equipment costs and the impact of wages and other cost inflation. Ore haulage rates (700,000 to 730,000t) and recoveries (95%) are in line with FY11.

The forecast grade for FY12 is based on improved ore body definition with close spaced grade control drilling.

Mineral Resource and Ore Reserve estimates as at 30 June 2011 are anticipated to be released at the end of August. These estimates will include significant additional material defined by the latest deep drilling below 1,600m.

Capital expenditure at Gwalia for FY12 of \$55-\$60 million, includes the following non-recurring expenditure:

Duplication of the upper part of the Gwalia Decline (745m of development)	\$7.2M
Resource definition drilling	\$2.6M
Infrastructure works carried over from FY11	\$2.8M
Total non-recurring capex	<u>\$12.6M</u>

The planned duplication of a section of the upper Decline will bypass an area of poor ground conditions that was impacted by void subsidence in February.

King of the Hills is now at full scale gold production and is expected to produce between 55,000 to 60,000 ounces of gold in the FY12 year, from 410,000 to 450,000t of ore at an average grade between 4.0 and 4.5g/t Au. Total operating costs are in line with previous guidance at between \$1,020 to \$1,050 per ounce of gold. As previously advised, gold production 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.

Mining at Marvel Loch, Southern Cross, is anticipated to continue until 31 August 2012, after which the plant will be placed on care and maintenance. The wind down of development is expected to boost cashflow in the latter quarters of mine life.

Exploration drilling programs targeting discoveries are planned to continue at Copperhead (WA), East Lachlan (NSW), as well as for identified greenfield targets in the Leonora region (WA) and the Gawler Craton (SA). Expenditure for Discovery and Growth, including drilling and land holding costs, is forecast at a minimum of \$16 million for FY12.

Major projects to be progressed during FY12 include:

- Pre-feasibility study for haulage optimisation at Gwalia, including the potential for a shaft;
- Completion of a scoping study for Gwalia mill expansion from 1.2Mtpa to 1.8Mtpa.

Subject to the outcome of these studies, and the outcomes of on-going drilling programs, FY13 gold production from Gwalia and King of the Hills is anticipated to be broadly comparable with FY12, with lower capital expenditure for Gwalia.

Forward Guidance FY12 (continued)

Disclaimer

Forward guidance in this report has been prepared by St Barbara Limited (St Barbara) and is for information purposes only.

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Corporate Directory

St Barbara Limited

ABN: 36 009 165 066

Board of Directors

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

Executive Team

Tim Lehany Managing Director & CEO
 Garth Campbell-Cowan Chief Financial Officer
 Ross Kennedy EGM Corporate Services
 David Rose..... Chief Operating Officer
 Phil Uttley..... EGM Discovery and Growth

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Substantial Shareholders

% of Holdings

% as notified by the substantial shareholders

M&G Group* 18.3%

Franklin Resources 6.9%

Hunter Hall Investment Management 6.7%

Tradewinds Global Investors..... 6.4%

* M&G Group's interest includes shares disclosed by Vanguard Precious Metals & Mining Fund

Australian Securities Exchange Listing "SBM"

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Figure 1: Deep Drilling at Gwalia, Leonora

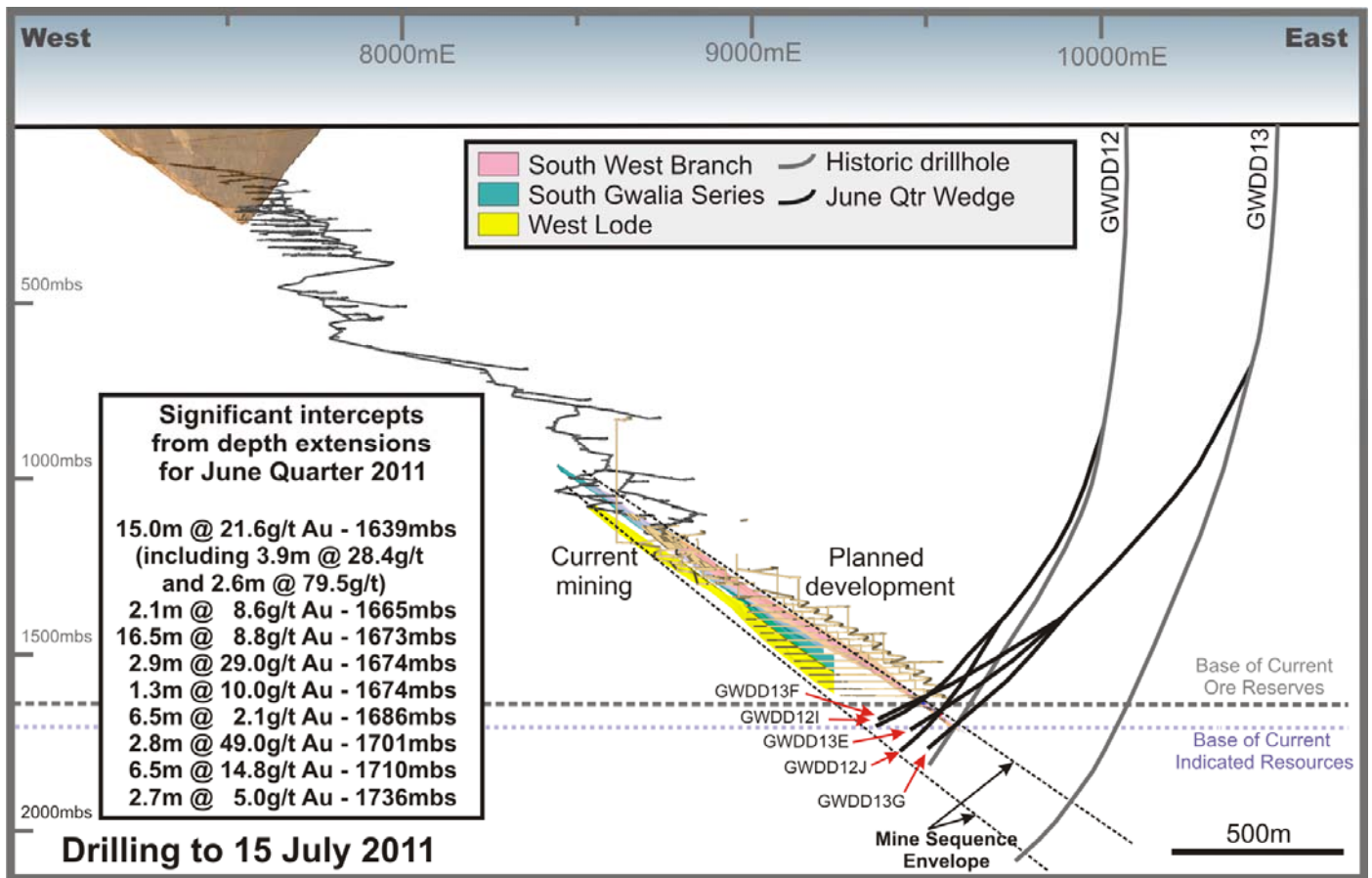


Figure 2: Copperhead Cross Section showing current drilling

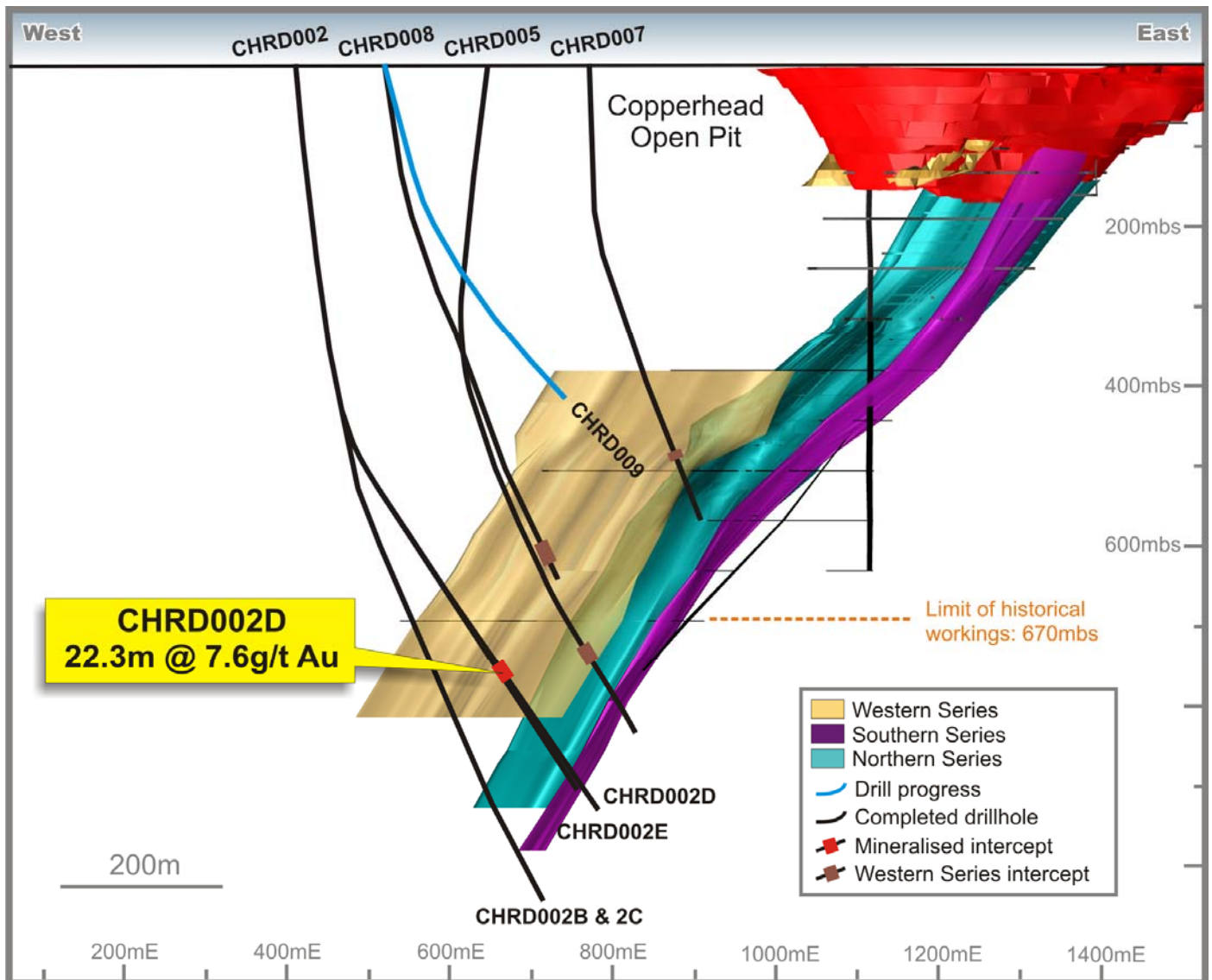


Table 1: Significant Intercepts

Hole No	North (local)	East (local)	Dip/ Azimuth	Vertical Depth mbs	Lode	Down-hole Mineralised Intersection		
						From m	Length m	Gold grade g/t Au
LEONORA								
• Gwalia Deeps								
GWDD12I	5841.0	9483.5	-33/290	1638.6	South West Branch	1863	15.0	21.6
including	5839.4	9487.9	-33/290	1635.6	South West Branch	1863	3.9	28.4
	5842.8	9478.6	-33/290	1641.9	South West Branch	1875	2.6	79.5
GWDD12I	5864.2	9408.7	-26/284	1683.6	West Lode	1958	5.0	4.4
GWDD12J	5796.3	9483.5	-49/281	1674.3	Main Lode	1854	1.3	10.0
GWDD12J	5798.0	9408.7	-49/281	1686.0	South West Branch	1866	6.5	2.1
GWDD12J	5805.2	9539.4	-44/279	1736.3	South Gwalia Series	1928	2.7	5.0
GWDD13E	5726.9	9539.3	-33/278	1665.0	Main Lode	2053	2.1	8.6
GWDD13E	5728.6	9527.3	-33/278	1672.9	South West Branch	2061	16.5	8.8
GWDD13G	5611.8	9588.1	-34/257	1701.1	South West Branch	2053	2.8	49.0
GWDD13G	5608.9	9577.4	-34/257	1709.9	South Gwalia Series	2066	6.5	14.8
SOUTHERN CROSS								
• Copperhead								
CHRD002D	10296.4	667.7	-55/85	734.5	Western Series	785	22.3	7.6
CHRD002D	10297.7	681.2	-55/85	754.2	Western Series	817	5.1	4.2
CHRD002D	10298.4	688.6	-55/85	765.0	Western Series	829	7.5	1.9
• Frasers								
FSDD0004	11119.4	5025.7	-63/91	152.2	Greenstone	165	11.0	1.7
FSDD0006	11039.7	5004.5	-58/94	244.4	Scholls	277	5.9	4.9

Note: All mineralised intersections are quoted as down-hole lengths and gold values are uncut. For Gwalia the intersections are approximately true thickness and the nominal cut-off grade is 3g/t Au (with the exception of the hole GWDD12J in the South West Branch lode), and for other projects the nominal cut-off grade is 1g/t Au.

Competent Persons Statement

References to Exploration Results including significant gold intersections and geological interpretations contained in this report have been compiled by Mr Phillip Uttley. Mr Uttley is a Fellow of The Australasian Institute of Mining and Metallurgy and is a full time employee of the company. Mr Uttley has sufficient experience relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2004 (JORC Code). Mr Uttley consents to the inclusion in the report of the matters based on his information, in the form and context in which they appear.